

# 51ST ANNUAL REPORT 2013-14



**Chowgule Steamships Limited**



# CHOWGULE STEAMSHIPS LIMITED

## BOARD OF DIRECTORS

Vijay V. Chowgule	(DIN 00018903)	Chairman	- Promoter Non-Executive Director
Dhananjay N. Mungale	(DIN 00007563)		- Independent Non-Executive Director
Jaywant Y. Chowgule	(DIN 00019008)		- Promoter Non-Executive Director
Admiral Madhvendra Singh (Retd)	(DIN 00007031)		- Independent Non-Executive Director (Up to 03-08-2013)
Sanjiv N. Shah	(DIN 00007211)		- Independent Non-Executive Director
Nathan R. Chowgule	(DIN 00029130)		- Promoter Non-Executive Director
Prof. Rohini V. Chowgule	(DIN 00019057)		- Promoter Non-Executive Director
Ravindra Kulkarni	(DIN 00059367)		- Independent Non-Executive Director
Farokh Guzder	(DIN 00108856)		- Independent Non-Executive Director
Admiral Arun Prakash (Retd)	(DIN 06414499)		- Independent Non-Executive Director (w.e.f. 23.01.2014)
Mangesh Sawant	(DIN 00007197)	Executive Director & CFO	- Non-Promoter Executive Director

Director Identification Number (DIN)

## COMPANY SECRETARY & COMPLIANCE OFFICER

Suhas Joshi

## SOLICITORS

Khaitan & Co.

## REGISTERED OFFICE

Chowgule House,  
Mormugao Harbour,  
Goa - 403 803.

## AUDITORS

S. B. Billimoria & Co.

## CORPORATE OFFICE

4th Floor, Bakhtawar,  
Nariman Point, Mumbai - 400 021.  
Tel. : (022) 66202500 Fax : (022) 66202545  
Email : joshi.csl@chowgule.co.in  
Web : www.chowgulesteamships.co.in

## SHARE TRANSFER AGENTS

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.  
Tel. : (022) 2594 6970 / Fax : (022) 2594 6969  
Email : rnt.helpdesk@linkintime.co.in

Corporate Identity Number (CIN)-L63090GA1963PLC000002

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# CHOWGULE STEAMSHIPS LIMITED

## NOTICE

NOTICE is hereby given that the Fifty First Annual General Meeting (AGM) of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Wednesday, July 9, 2014 at 11.00 A.M. at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa 403 803 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay V. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nathan R. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the third consecutive AGM of the Company and to fix their remuneration and to pass the following resolution thereof.

**"RESOLVED** that, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, S B Billimoria & Co., Chartered Accountants, (Registration No. 101496W), be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the third consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the auditors.

### SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED** that, pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, Mr. Sanjiv N. Shah, Director of the Company who retires by rotation at the AGM pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Sanjiv N. Shah as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years.
6. To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED** that, pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Admiral Arun Prakash (Retd), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 23, 2014 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013, along with the deposit of requisite amount, signifying his intention to propose Admiral Arun Prakash (Retd) as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Dhananjay N. Mungale, Director of the Company, whose period of office is liable to be considered for determining retirement of directors by rotation pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013, along with the deposit of requisite amount, signifying his intention to propose the candidature of Mr. Dhananjay N. Mungale, for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years.
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ravindra Kulkarni, Director of the Company, whose period of office is liable to be considered for determining retirement of directors by rotation pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount, signifying his intention to propose the candidature of Mr. Ravindra Kulkarni for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years .
9. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Farokh Guzder, Director of the Company, whose period of office is liable to be considered

for determining retirement of directors by rotation pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount, signifying his intention to propose the candidature of Mr. Farokh Guzder for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years.

By order of the Board of Directors  
**For Chowgule Steamships Limited**

Place: Mumbai,  
Date : May 08, 2014

Suhas Joshi  
**Company Secretary**

## NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be valid, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 2) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- 3) A brief profile of Directors seeking appointment/re-appointment at the Annual General Meeting is given in the Corporate Governance section of the Annual Report.
- 4) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from July 2, 2014 to July 9, 2014, both days inclusive.
- 6) Unclaimed Dividends up to the year 1994-95 have been transferred to the General Revenue Account of the Central Government. Those shareholders, who have so far not claimed or collected their dividend up to the above financial year, may claim their dividend from the Registrar of Companies, Goa, Daman & Diu.
- 7) Unclaimed Dividends for the years 1995-96, 1996-97, 2004-05 and 2005-06 have been duly transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against the said amount. Unclaimed dividend for the year 2006-07 is due for transfer to Investors Education & Protection Fund in September, 2014. Members, who have so far not claimed their Dividend for 2006-07 or any of the years thereafter, are requested to immediately write to the Company's Share Transfer Agents.
- 8) The shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and the listing fees in respect thereof for the year 2014-15 have been paid to BSE.
- 9) All enquiries and correspondence regarding transfer of shares, dematerialization, etc., should be made with the Share Transfer Agents of the Company, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.
- 10) Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
- 11) Members are requested to note that pursuant to amended Clause 5A (II) in the Listing Agreement with the Stock Exchange, the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with depository participants. In compliance of said clause, the Company has already issued three reminders to the shareholders whose shares were unclaimed. The Company has initiated necessary steps for dematerialization of shares which have remained unclaimed, and same will be transferred into one folio in the name of "Unclaimed Suspense Account" and dematerialized in due course.
- 12) The Notice of the Fifty First AGM and instructions for e-voting, along with the Attendance Slip/Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode. Members may also note that the Notice of the Fifty First AGM and the Annual Report 2014 will be available on the Company's website, [www.chowgulesteamships.co.in](http://www.chowgulesteamships.co.in). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at : [joshi.csl@chowgule.co.in](mailto:joshi.csl@chowgule.co.in)
- 13) **Voting through electronic means:**
  - (a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).
  - (b) A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

# CHOWGULE STEAMSHIPS LIMITED

- (c) During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. 30th May, 2014, may cast their vote electronically.
- (d) **The e-voting period commences at 9:30 a.m. on Wednesday, 25th June, 2014 and ends at 5:30 p.m. on Friday, 27th June, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.**
- (e) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**
- (f) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members as on the date of dispatch of notice.
- (g) The Board of Directors at their meeting have appointed Mr. Vinayak N. Deodhar, Practicing Company Secretary as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (h) **Instructions for e-voting:**

(1) **In case of Members receiving Notice of the Annual General Meeting by email and who wish to vote using the e-voting facility:**

- (i) Email contains your user ID and password for e-Voting. Please note that this password is an initial password.
- (ii) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Now click on "Shareholders" to cast your votes.
- (iv) Now, select the Electronic Voting Sequence Number ("EVSN") - 140609003 along with "CHOWGULE STEAMSHIPS LIMITED" from the drop down menu and click on "SUBMIT".
- (v) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares In Demat Form</b>	<b>For Members holding shares In Physical Form</b>
User ID	<b>For NSDL:</b> 8 Character DP ID followed by 8 Digits client ID <b>For CDSL:</b> 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\*Members who have not updated their PAN with the Company / Depository Participant are requested to use default number '**CSLEV1234Z**' in the PAN field for e-voting.

#Members who have not updated their Date of Birth with the Company / Depository Participant are requested to use default number '**30052014**' in the DOB field for e-voting.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value <30052014> in the DOB column or the <Default Value> in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in Physical form will then reach directly to the voting screen.
- (viii) Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting on resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- (x) If you are already registered with CDSL for e-voting, then you can use your existing login id and password for casting your vote.
- (xi) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- (xii) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO.
- (xiii) Click on the "Resolution File link" if you wish to view the entire Notice of the Annual General Meeting.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

(xvi) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at vndeodhar@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.

(xvii) In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

**(2) In case of Members receiving Notice of the Annual General Meeting by post and who wish to vote using the e-voting facility :**

Please follow all steps from Sr. No. (ii) to Sl. No. (xvi) above, to cast your vote.

14. Members are requested to carefully read the instructions and in case of any queries, you may refer to the QnA on e-Voting for Members and User Manual for Shareholders to cast their votes available in the Help section of www.evotingindia.com.
15. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
16. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
17. The Results shall be declared on or after the date of Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.chowgulesteamships.co.in and on the website of CDSL within two(2) days of passing of the resolutions at the Annual General Meeting of the Company on 9th July 2014 and communicated to the BSE Limited.

By order of the Board of Directors  
**For Chowgule Steamships Limited**

Suhas Joshi  
**Company Secretary**

Place: Mumbai,  
Date : May 08, 2014

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **SPECIAL BUSINESS**

##### **Item No.5**

Mr. Sanjiv N. Shah is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors of the Company w.e.f. January 25, 2006. Mr. Sanjiv N. Shah retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Sanjiv N. Shah being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years. The Company has received from Mr. Sanjiv N. Shah (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. Mr. Shah does not hold by himself or for any other person on a beneficial basis, any shares in the Company. A notice has been received from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount signifying his intention to propose Mr. Shah as a candidate for the office of Director of the Company. In the opinion of the Board of Directors, Mr. Sanjiv N. Shah, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

Mr. Sanjiv N. Shah is a member of Audit Committee and Stakeholders' Relationship and Shareholders'/Investors' Grievance Committee of the Board of Directors of the Company. Mr. Sanjiv N. Shah, has done BA (Economics & Statistics) from the University of Bombay, B.Sc. (Economics) from the University of London and is an associate member of Institute of Chartered Accountants, England & Wales and also Fellow member of Institute of Chartered Accountants, India. A brief resume of Mr. Shah, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Sanjiv N. Shah as an Independent Director. Accordingly, the Board recommends the resolution for the approval of the members of the Company.

# CHOWGULE STEAMSHIPS LIMITED

No director, key managerial personnel or their relatives, except Mr. Sanjiv N. Shah, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 5 for approval of the members. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

## Item No.6

The Board of Directors appointed Admiral Arun Prakash (Retd) as an Additional Director of the Company with effect from January 23, 2014, pursuant to Section 161 of the Companies Act, 2013, read with Article 117 of the Articles of Association of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Admiral Arun Prakash (Retd) will hold office up to the date of the ensuing AGM.

The Company has received from Admiral Arun Prakash (Retd) (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The resolution seeks the approval of members for the appointment of Admiral Arun Prakash (Retd) as an Independent Director of the Company, not liable to retire by rotation, for a term of five years pursuant to Section 149 of the Companies Act, 2013. Admiral Arun Prakash (Retd) does not hold by himself or for any other person on a beneficial basis, any shares in the Company. A notice has been received from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount signifying his intention to propose Admiral Arun Prakash (Retd) as a candidate for the office of Director of the Company. In the opinion of the Board of Directors, Admiral Arun Prakash (Retd), the Independent Director proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under and he is independent of the Management. A brief resume of Admiral Arun Prakash (Retd), nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board of Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

No director, key managerial personnel or their relatives, except Admiral Arun Prakash (Retd), to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 6 for approval of the members. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

## Item No. 7

Mr. Dhananjay N. Mungale is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 26th August, 2000. Mr. Mungale holds Bachelor of Commerce & Bachelor of Law degrees and is also an Associate Member of the Institute of Chartered Accountants of India. He has rich experience in Banking & Financial Sectors. He is presently acting as Adviser to various Corporations and startup companies in India and Europe. Mr. Mungale is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Board of Directors of the Company. A brief resume of Mr. Mungale, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

Mr. Mungale does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Mungale is a director whose period of office is liable to be considered for determining retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Mungale being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director, not liable to retire by rotation, for a term of five years. The Company has received from Mr. Dhananjay N. Mungale (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. A notice has been received from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount signifying his intention to propose Mr. Mungale as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Mungale fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mungale as an Independent Director. Accordingly, the Board recommends the resolution for approval of the members of the Company.

Except Mr. Mungale, to whom the resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

## Item No.8

Mr. Ravindra Kulkarni is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company w.e.f. October 19, 2011. Mr. Kulkarni is a Member of the Nomination Remuneration Committee and Stakeholders Relationship and Shareholders' Grievance Committee, of the Board of Directors of the Company.

Mr. Ravindra Kulkarni, is a renowned lawyer and is a Partner in Khaitan & Company Advocates, Solicitors, Notaries, Patent & Trademark Attorneys. Mr. Kulkarni is a science graduate and has Masters Degree in law. A brief resume of Mr. Kulkarni, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause



49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report. Mr. Kulkarni does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Kulkarni is a director whose period of office is liable to be considered for determining retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Kulkarni being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director, not liable to retire by rotation, for a term of five years. The Company has received from Mr. Kulkarni (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. A notice has been received from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount signifying his intention to propose Mr. Kulkarni as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Kulkarni fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kulkarni as an Independent Director. Accordingly, the Board recommends the resolution for approval of the members of the Company.

Except Mr. Kulkarni, to whom the resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

## Item No. 9

Mr. Farokh Guzder is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company w.e.f. July 06, 2012. Mr. Guzder is a Member of Audit Committee and Nomination Remuneration Committee and Stakeholders Relationship and Shareholders' Grievance Committee, of the Board of Directors of the Company. Mr. Farokh Guzder is an industrialist and holds a B.A. Degree in Philosophy from University College London. Mr. Guzder has vast experience in areas connected to building construction and rehabilitation works. A brief resume of Mr. Guzder, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

Mr. Guzder does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Guzder is a director whose period of office is liable to be considered for determining retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Guzder being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director not liable to retire by rotation for a term of five years. The Company has received from Mr. Guzder (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. A notice has been received from a member pursuant to Section 160 of the Companies Act 2013, along with the deposit of requisite amount, signifying his intention to propose Mr. Guzder as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Guzder fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Guzder as an Independent Director. Accordingly, the Board recommends the resolution for approval of the members of the Company.

Except Mr. Guzder, to whom the resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

By order of the Board of Directors  
**For Chowgule Steamships Limited**

Place: Mumbai,  
Date : May 08, 2014

Suhas Joshi  
**Company Secretary**

# CHOWGULE STEAMSHIPS LIMITED

## DIRECTORS' REPORT 2013-2014

To  
The Shareholders,  
Your Directors present the Fifty First Annual Report and the Audited Accounts for the year ended March 31, 2014.

### 1. FINANCIAL RESULTS & APPROPRIATIONS:

	2013-14	2012-13
Loss before Financial Charges, Depreciation, Exceptional Item & Tax	(3.00)	(276.30)
Financial Charges	(93.96)	(60.29)
Depreciation	(679.61)	(374.04)
Loss before Exceptional Item & Tax	(776.57)	(710.63)
Profit on Sale of Land	–	269.30
Impairment	–	(994.36)
Foreign Currency Gain on Translation difference	439.02	15.65
Loss before Deferred Tax Provision	(337.55)	(1,420.04)
Provision for Deferred Tax (Net)	301.07	352.00
Loss after Tax	(36.48)	(1,068.04)
Brought forward from previous year	2,986.16	4,054.20
Balance Transferred to Balance Sheet	2,949.68	2,986.16

In view of the loss, the Board of Directors has not recommended any dividend for the year under review.

### 2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT COMPANY'S PERFORMANCE

During the year under review the freight earnings and charter hire receipts amounted to ₹ 1,554.88 Lakhs as against ₹ 1,278.84 Lakhs during the previous year showing an increase of ₹ 276.04 Lakhs. The BDI which started the year at 896 in April 2013 scaled to 1362 by March 2014. The dry bulk freight markets have remained at around 1000 mark for most of the year.

#### INDUSTRY REVIEW & FUTURE OUTLOOK

During 2013-2014 average earning in all bulk carrier sectors remained relatively weak as a result of continued oversupply.

In 2013, Dry bulk trade continued to grow at 5% Y-o-Y, close to the historical average, and the fleet growth slowed to 6% after 11% growth in 2012 and 15% growth in 2011. Meanwhile, contracting activity for new building picked-up in 2013, which led to an increase in the bulker order book during second half of 2013. In 2014, total sea borne dry bulk trade is projected to rise by 4% and the fleet is expected to grow by 4.50%. Whilst a cumulative build-up of tonnage over the last few years is likely to have an impact in the short term, the fundamentals may become more balanced.

The Company primarily operates in the Handysize sector where demand is largely driven by minor bulk trade. In 2013, seaborne minor bulk trade increased by 4% Y-o-Y as compared to 5% in the previous year. Due to the relatively elderly age profile of the fleet, Handysize scrapping accelerated deliveries in 2013. Although, demolition has been fairly firm in the Handysize sector, the proportion of tonnage over 20 years of age still remains relatively high. Therefore, scrapping is expected to continue at a fairly rapid pace in coming years. In 2014, total minor bulk trade is expected to grow at 2% Y-o-Y, whereas net growth in Handysize fleet is expected to be less than 1% in 2014-2015.

Going ahead, 2015 looks to be little bit more promising as the delivery of vessels will be matched by demand. This will ease of some pressure on shipping markets and freight rates may start picking up in coming years.

#### PORT AND SHIP REPAIR PROJECTS AT JAIGAD

Chowgule Ports & Infrastructure Private Limited (CPIPL), a company co-promoted by Chowgule Steamships Limited and Chowgule & Company Private Limited (CCPL) is implementing the Port and Ship Repair Projects at Lavgan, Ratnagiri through its SPVs viz. Angré Port Private Limited and Lavgan Dockyard Limited, respectively. Angré Port has obtained approvals handling commercial cargoes The Ship Repair Facility is expected to be operational by October 2014.

#### INTERNAL CONTROL SYSTEM

The Company has effective systems of internal controls, which are periodically reviewed by the Audit Committee of the Board of Directors.

#### GOVERNMENT POLICIES

The Indian economy and many developed countries continue to make effort for speedy economic recovery. As part of overall strategy however, the Governments in various countries continue to give priority for development of overall infrastructure. This bodes well for overall trade.

#### INDUSTRIAL RELATIONS

The industrial relations during the year were very cordial and there were no industrial disputes.

## THREATS, RISKS & CONCERNS

**Freight Risks:** The Hire income is subject to freight rate risks and therefore the Company follows the policy of mixture of short period and long period time charter contracts with first class charters to mitigate volatility in freight rates.

**Interest Rate Risk:** With a view to avoid uncertainty in the interest rate, the necessary forward cover is taken at regular intervals.

**Forex Risk:** As major portion of the Company's revenues is generated from international business in the US Dollar terms, the same creates a natural hedge against foreign exchange exposures. The Company reviews Rupee - US Dollar parity on regular basis to protect itself from currency fluctuation risks.

**Counter Party Risks:** The Company engages into charter contracts with the reputed charters to avoid the risks to the freight earnings.

**Government Policies:** The Company regularly reviews the changes in the applicable government policies affecting operations of the Company.

**Human Resources:** There is a scarcity of floating staff. In view of outsourcing of crew management, the Company gets the benefit of having efficient and cost effective floating staff from the Ship Manager's pool.

## CAUTIONARY STATEMENT

The statements, expressions, information given in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be deemed as 'forward looking statements'. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include demand-supply conditions, changes in Government, global economic scenario, etc.

### 3. LOAN REPAYMENT

During the year, the Company has repaid loan of ₹ 494.98 lakhs (US\$ 0.8 million). The total outstanding loan at year end is ₹ 1,633.23 lakhs (US \$ 2.70 million).

### 4. DEFERRED TAX LIABILITY

In terms of the Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, there is a reversal of Deferred Tax liabilities amounting to ₹ 304.00 lakhs for the Financial Year 2013-2014, which is reflected in the Statement of Profit & Loss. The net Deferred Tax Liability of ₹ 1,038.00 lakhs as at March 31, 2014 is reflected in the Balance Sheet.

### 5. SUBSIDIARIES

During the year under review, Chowgule Steamships Overseas Limited converted financial assistance of US \$ 4 Million given by the Company into Convertible Redeemable Shares (CRS) of US \$ 4 Million. The total investment of the Company as at 31st March 2014 in the Share Capital of Chowgule Steamships Overseas Ltd. (CSOL), a wholly owned subsidiary, stands at US\$ 9.2 million in Ordinary Shares (same as previous year) and US \$ 9.5 Million in CRS.

The financial highlights of CSOL's operations are as under:

	2013-14 (In US \$ million)	2012-13 (In US \$ million)
Income	12.844	12.874
Gross Profit before depreciation	4.916	(2.205)
Depreciation and impairment	(6.762)	(26.476)
Net Loss	(1.846)	(24.271)

### 6. SUBSIDIARIES – EXEMPTION

In terms of general approval granted by the Central Government vide notification No.5/12/2007-CL-III dated 8th February, 2011 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Statement of Profit and Loss, and Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company. However, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

### 7. INSURANCE

The fleet of the Company has been adequately insured against Marine and War Risks.

### 8. DIRECTORS

Mr. Vijay V. Chowgule and Mr. Nathan R. Chowgule Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Pursuant to the provisions of Section 149 of the Companies Act, 2013 the Independent Directors are not liable to retire by rotation and they shall hold office for a term up to five consecutive years on the Board of a company. The Independent Directors of the Company were appointed pursuant to the provisions of erstwhile Companies Act 1956 and accordingly, they are liable to retire by rotation. In view of the above provisions of the Companies Act 2013, approval of the shareholders of the Company for appointment of Independent Directors for a term of five consecutive years as Independent Directors is being obtained at the ensuing Annual General Meeting.

During the year under review, the Board of Directors has appointed Admiral Arun Prakash (Retd) as an Additional Director, who holds office upto the date of ensuing Annual General Meeting. It is proposed to obtain approval of Shareholders at the ensuing Annual General Meeting for the appointment of Admiral Arun Prakash (Retd) as an Independent Director pursuant to Section 149.

# CHOWGULE STEAMSHIPS LIMITED

Pursuant to Clause 49 of the Listing Agreement, the background of the Directors proposed to be appointed / re-appointed at the Annual General Meeting is given in the Corporate Governance Report.

During the year under review, Admiral Madhvendra Singh (Retd) relinquished office as a Director of the Company due to preoccupation. The Board of Directors wishes to place on record its deep sense of gratitude and appreciation for the services rendered by Admiral Madhvendra Singh (Retd) during his tenure as a Director of the Company.

## 9. CORPORATE GOVERNANCE

In terms of the listing agreement with the Bombay Stock Exchange Ltd., the Corporate Governance Report is annexed hereto and forms a part of this Report.

## 10. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The said Code has been hosted on the website of the Company. All the Board Members and Senior Management have affirmed compliance to the Code.

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state as under:

"That

- a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on a "going concern basis".

## 12. AUDITORS

M/s S B Billimoria & Co, the Statutory Auditors of the Company, have been holding office as Auditors for a term more than 10 years. In terms of provisions of Section 139 of the Companies Act 2013 and Rules made thereunder, M/s S B Billimoria & Co, can be appointed for a further term of consecutive three years. The shareholders are requested to appoint auditors and to fix their remuneration. M/s. S.B. Billimoria & Company, Chartered Accountants, the retiring Auditors, being eligible, have given their consent for re-appointment.

## 13. THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED

There are no employees covered under Section 217 (2A) of the Companies Act, 1956 in respect of whom particulars are required to be furnished.

## 14. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In accordance with the requirements of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the statement annexed hereto gives the particulars as required under the said rules and forms part of this Report (Annexure I).

## 15. GENERAL

The Board of Directors expresses its appreciation for the help and co-operation extended by the Ministry of Surface Transport, Maharashtra Maritime Board, Ministry of Finance, The Directorate General of Shipping, Reserve Bank of India and the Company's Bankers and Agents. The Board of Directors also appreciates the loyal services rendered and co-operation extended by the Company's officers and staff, both ashore and afloat.

For **Chowgule Steamships Limited**

Place: Mumbai,  
Date: May 08, 2014

**VIJAY V. CHOWGULE**  
Chairman

## TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

### Declaration by the Executive Director & CFO under Clause 49 of the Listing Agreement

I, Mangesh Sawant, Executive Director & CFO of Chowgule Steamships Limited, confirm that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2014.

Place : Mumbai,  
Date : May 08, 2014

**MANGESH SAWANT**  
Executive Director & CFO

## CORPORATE GOVERNANCE REPORT

### 1. CORPORATE GOVERNANCE PHILOSOPHY

Chowgule Steamships Limited (CSL) believes that good corporate governance is essential to achieve long term corporate goals and to enhance shareholder value. Your Company believes in functioning in a transparent manner and believes in proper accountability, auditing, disclosure and reporting. CSL's operations and accounts are audited at two levels – Internal Audit and External Audit. CSL continues to follow procedures and practices in conformity with the Principles of Corporate Governance as enunciated in the listing agreement. The Board has also laid down a Code of Conduct for all the Board Members and Senior Management personnel of the Company.

### 2. BOARD OF DIRECTORS

(a) Composition / Category of Directors

(i) Promoter Directors		(ii) Non-promoter Director	
• Executive	–	• Executive	1
• Non Executive	4	• Non Executive	Nil
		(iii) • Independent Non Executive	5
<b>Total</b>	<b>4</b>		<b>6</b>
<b>Grand Total = 10</b>			

(b) Attendance of each Director at the Board meetings:

In all, four Board Meetings were held during the financial year 2013-2014 on 09.05.2013, 12.07.2013, 17.10.2013 and 16.01.2014. The attendance of the Directors is as under:

Name	No. of Board Meeting attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	4	P
Mr. Dhananjay N. Mungale	4	P
Mr. Jaywant Y. Chowgule	1	P
Admiral Madhvendra Singh (Retd)#	1	A
Mr. Sanjiv N. Shah	2	P
Mr. Nathan R. Chowgule	4	P
Prof. Rohini V. Chowgule	4	P
Mr. Ravindra Kulkarni	4	P
Mr. Farokh J. Guzder	4	P
Admiral Arun Prakash (Retd)*	0	NA
Mr. Mangesh Sawant	4	P

# Resigned as a Director w.e.f. August 3, 2013

\*Appointed as an Additional Director w.e.f. January 23, 2014

P: Present A: Absent

(c) Number of other companies or committees in which, the Director is a Director / Member.

Name of the Director	No. of other Public Ltd. Companies in which Director / Membership in other committees		
	BM	CM	CC
Mr. Vijay V. Chowgule	1 – BM	0 – CM	0 – CC
Mr. Dhananjay N. Mungale	9 – BM	7 – CM	1 – CC
Mr. Jaywant Y. Chowgule	0 – BM	0 – CM	0 – CC
Mr. Sanjiv N. Shah	1 – BM	2 – CM	1 – CC
Mr. Nathan R. Chowgule	1 – BM	0 – CM	0 – CC
Prof. Rohini V. Chowgule	0 – BM	0 – CM	0 – CC
Mr. Ravindra Kulkarni	7 – BM	6 – CM	2 – CC
Mr. Farokh J. Guzder	1 – BM	0 – CM	0 – CC
Admiral Arun Prakash (Retd)*	1 – BM	0 – CM	0 – CC
Mr. Mangesh Sawant	0 – BM	0 – CM	0 – CC

BM–Board Member, CM–Committee Member, CC–Chairman of the Committee

\*Appointed as an Additional Director w.e.f. January 23, 2014

# CHOWGULE STEAMSHIPS LIMITED

## 3. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Dhananjay N. Mungale, as its Chairman and Mr. Vijay V. Chowgule, Mr. Sanjiv N. Shah and Mr. Farokh Guzder as members. Mr. Dhananjay N. Mungale and Mr. Sanjiv N. Shah have the requisite financial and accounting background. The Audit Committee met on four occasions during the financial year and the attendance details of the Committee members are as under:

NAME	NO. OF MEETINGS ATTENDED
Mr. Dhananjay N. Mungale	4
Mr. Sanjiv N. Shah	2
Mr. Vijay V. Chowgule	4
Mr. Farokh J. Guzder	4

Mr. Mangesh Sawant, Executive Director & CFO attended all the meetings of the Audit Committee as invitee. The representatives of External Auditors attended all the four meetings, whereas the representative of Internal Auditor attended two meetings. The Company Secretary of the Company assumes the role of Secretary to the Audit Committee.

Terms of Reference of the Audit Committee

The brief terms of reference of Audit Committee are as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  2. Recommending to the Board, the appointment, re-appointment, terms of appointment. and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  3. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
  4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report.
    - b. Changes, if any, in accounting policies and practices and reasons for the same
    - c. Major accounting entries involving estimates based on the exercise of judgment by management
    - d. Significant adjustments made in the financial statements arising out of audit findings
    - e. Compliance with listing and other legal requirements relating to financial statements
    - f. Disclosure of any related party transactions
    - g. Qualifications in the draft audit report.
  6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  7. Examination of Auditor' Report on financial statements
  8. Approval or any subsequent modification of transactions of the company with related parties
  9. Scrutiny of inter-corporate loans and investments
  10. Valuation of undertakings or assets of the company wherever necessary
  11. Evaluation of internal financial controls and risk management system
  12. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  13. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  15. Discussion with internal auditors on any significant findings and follow up there on.
  16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
  19. Review the following information,
    - 1) Management discussion and analysis of financial condition and results of operations;
    - 2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - 3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - 4) Internal audit reports relating to internal control weaknesses
  20. To review the functioning of the Whistle Blower Mechanism (Formally adopted at meeting of Board of Directors held on 8th May, 2014).
  21. Approval of appointment of CFO (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  22. In addition to the above, all items listed in Clause 49 (II)(D) of the Listing Agreement, as may be amended from time to time.
- The Board also noted that the Audit Committee inter alia had the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### 4. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Though the Company did not have formal Vigil Mechanism/Whistle Blower Policy till end of financial year 2013-14, in order to maintain highest standards of ethical, moral and legal conduct, it always encouraged its employees to come forward and express their concerns without fear of punishment or unfair treatment, if they suspect any misconduct. However, In terms of provisions of Section 177 (9) of the Companies Act, 2013, being a listed Company, the Company has formally adopted Vigil Mechanism/ Whistle Blower Policy at its meeting of Board of Directors of the Company held on 8th May, 2014 to provide an avenue to its employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. An audit committee of the Company shall oversee the said mechanism from time to time.

None of the Company personnel has been denied access to the Audit Committee.

#### 5. NOMINATION/ REMUNERATION COMMITTEE

In terms of provisions of Section 178 of the Companies Act 2013, the Board of Directors, at its meeting held on 8th May, 2014, has reconstituted the Nomination/Remuneration Committee comprising of the following Directors as members:

- 1) Mr. Dhananjay N. Mungale
- 2) Mr. Vijay V. Chowgule
- 3) Mr. Ravindra Kulkarni
- 4) Mr. Farokh Guzder

The role of the Remuneration Committee is to determine and recommend the Company's policy on specific remuneration package for Whole-time Directors and Senior Management personnel, evaluation of performance of the Directors. The brief terms of reference of Remuneration Committee are as under:

Terms of reference of Nomination / Remuneration Committee

##### A. Terms of Reference

- a. Make recommendations for the appointments on the Board.
- b. Frame Companies Policies on the Board and Directors with the approval of the Board including evaluation of performance of directors.
- c. Recommend compensation payable to the Executive Directors and Senior Personnel.
- d. Review of HR Policies / initiatives.

##### B. Remuneration Policy

The nomination and Remuneration Committee shall ensure that -

- a. Level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- b. Remuneration payable or paid should meet performance benchmarks
- c. Ensure that remuneration payable or paid to directors, key managerial personnel and senior management is appropriate to the working of the Company and its goals.

#### REMUNERATION OF DIRECTORS:

- a. Mr. Mangesh Sawant was appointed as the Whole-time Director of the Company for a period of three years effective from April 22, 2013. The details of the remuneration paid from April 01, 2013 to March 31, 2014 are as under:

Name	Mr. Mangesh Sawant
Designation	Executive Director & CFO
All elements of remuneration package Inclusive of Salary Benefits, Provident Fund, Gratuity, Bonus, Pension, etc.	₹ 51.34 lakhs
Service Contract, Notice Period etc.	The Contract is for a period of 3 Years and the notice of termination is three months on either side.
Stock Option	NIL
No. of Shares held in the Company	133

- b. Disclosure pertaining to Sitting Fees and Shareholding in the Company.

Non-Executive Directors	Sitting Fees paid during the financial year	No. of Shares held in the Company
Mr. Vijay V. Chowgule	₹ 160,000	1,154,455
Mr. Dhananjay N. Mungale	₹ 130,000	–
Mr. Jaywant Y. Chowgule	₹ 20,000	64,750
Admiral Madhavendra Singh (Retd)	₹ 20,000	–
Mr. Sanjiv N. Shah	₹ 80,000	–

# CHOWGULE STEAMSHIPS LIMITED

Non-Executive Directors	Sitting Fees paid during the financial year	No. of Shares held in the Company
Mr. Nathan R. Chowgule	₹ 80,000	–
Prof. Rohini V. Chowgule	₹ 1,10,000	252,159
Mr. Ravindra Kulkarni	₹ 1,00,000	–
Mr. Farokh J. Guzder	₹ 1,20,000	–
Admiral Arun Prakash (Retd)†	–	–
Mr. Mangesh Sawant	NA	133

† Appointed as an Additional Director w.e.f. January 23, 2014

## 6. STAKEHOLDERS' RELATIONSHIP AND SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

In terms of provisions of listing agreement the Company already has Shareholders'/Investors' Grievance Committee. The said committee functions under the Chairmanship of Mr. Vijay V. Chowgule and other members are Mr. Sanjiv N. Shah, Prof. Rohini V. Chowgule and Mr. Ravindra Kulkarni. Mr. Suhas Joshi, Company Secretary, is the Compliance Officer. The Committee meets periodically to deal with share-related matters like transfers, transmission etc., and monitor redressal of complaints from the shareholders. However, In view of the new provision introduced in the Companies Act, 2013, the Board has reconstituted the Shareholders/Investors Grievance Committee as Stakeholders Relationship and Shareholders/Investors Grievance Committee.

The functions of transfer of shares were delegated to the Committee of Officers with effect from November 2001, which meets fortnightly for considering applications for share-related matters. This Committee reports to the Stakeholders' Relationship and Shareholders' / Investors' Grievance Committee.

At its meetings, the Committee goes into the details of the grievances, if any and, verifies that they have been attended to. Between April 2013 and March 2014, the Company received 45 complaints / queries from shareholders. As at March 31, 2014, all the complaints / queries were resolved. There were no shares pending for transfer from the shareholders as at March 31, 2014.

The brief terms of reference of Stakeholders Relationship Committee and Shareholders' / Investors' Grievance Committee are as under:

1. To oversee the share transfer process
2. To monitor the redressal of stakeholders' grievances
3. To consider and approve issue of share certificates on requests for duplicate certificates, consolidation of folios etc.
4. To do all such acts, deeds, matters and things as may be necessary or expedient for performing any of the above acts.

## 7. DIRECTORS

Mr. Vijay V. Chowgule and Mr. Nathan R. Chowgule will retire at the ensuing AGM and being eligible seek re-appointment. As per the provisions of Companies Act, 2013 it is proposed to appoint Mr. Sanjiv N. Shah, Mr. Dhananjay Mungale, Mr. Ravindra Kulkarni and Mr. Farokh Guzder as Independent Directors of the Company for a consecutive period of five years. It is also proposed to appoint Admiral Arun Prakash (Retd), who was appointed as an Additional Director during the year, as an Independent Director for a consecutive period of five years. The approval of members is being sought for the appoint / re-appointment of above Directors. A brief resume of the above Directors is as under:

A) Mr. Vijay V. Chowgule is the Chairman of the Company and head of the Chowgule Group. Mr. Vijay V. Chowgule has extensive management experience in production and service industries. He provides the vision to the Company, which helps it in charting its progress efficiently. He is B.S. in Textile Chemist and Industrial Management. Mr. Vijay V. Chowgule is a member of Audit Committee, Stakeholders' Relationship and Shareholders' / Investors' Grievance Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. Mr. Vijay V. Chowgule holds 11,54,455 shares in the Company. Mr. Vijay V. Chowgule is relative of Prof. Rohini V. Chowgule, Director. Mr. Vijay V. Chowgule is a Director in the following companies.

- |   |   |
|---|---|
| i. Chowgule And Company Private Limited                 | x. Dolphin Ora Extraction Private Limited                         |
| ii. Cartybon Private Limited                            | xi. Dolphin Mining Services Private Limited                       |
| iii. Kolhapur Oxygen and Acetylene Private Limited      | xii. Spandan Eco Foundation                                       |
| iv. Chowgule And Company (Salt) Private Limited         | xiii. Chowgule Ship Building Private Limited                      |
| v. Chowgule Mining Private Limited                      | xiv. Parvatibai Chowgule Maritime Training and Research Institute |
| vi. Chowgule ABP Coatings (India) Private Limited       | xv. Angre Port Private Limited                                    |
| vii. Chowgule Construction Technologies Private Limited | xvi. Santech Company Ltd.   |
| viii. Chowgule Construction Chemicals Private Limited   | xvii. Chowgule Ports and Infrastructure Private Limited           |
| ix. Dolphin Extrusions Private Limited                  | xviii. Chowgule Mediconsult Private Limited                       |

B) Mr. Nathan R. Chowgule holds a Master's Degree in Business Administration from the University of Utah (USA). Mr. Nathan R. Chowgule worked with Utah Media Access as Vice President, Business Development during 2002 – 2003 and with Komatsu Equipment USA as Director, Marketing, during 2003-2004. He is with Chowgule & Company (Salt) Pvt. Ltd. as Executive Director since 2004. He has been on the Board of Directors of the Company since January 25, 2006. Mr. Nathan R. Chowgule is a nephew of Mr. Vijay Chowgule, Chairman



and Mr. Jaywant Chowgule, Director. Mr. Nathan R. Chowgule is not a member of any of the Committees of the Board. Mr. Nathan R. Chowgule does not hold any shares in the Company. Mr. Nathan R. Chowgule is a Director on the Boards of the following companies:

- |  |                                |
|--|--------------------------------|
| i. Chowgule And Company (Salt) Private Limited     | iii. Lavgan Dockyard Limited   |
| ii. Kolhapur Gases (Carbondioxide) Private Limited | iv. Angre Port Private Limited |

- C) Mr. Dhananjay N. Mungale holds Bachelor of Commerce & Bachelor of Law degrees and is also an Associate Member of the Institute of Chartered Accountants of India. He has rich experience in Banking & Financial Sectors. He is presently acting as Adviser to various Corporations and start up companies in India and Europe. Mr. Mungale is a member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. Mr. Mungale does not hold any shares in the Company. Mr. Mungale is a Director in the following companies.

- |  |  |
|--|--|
| i. Kalpataru Limited   | ix. Tamilnadu Petroproducts Limited                          |
| ii. IL&FS Engineering and Construction Company Ltd.          | x. Inestor Advisores Private Limited                         |
| iii. Mahindra & Mahindra Financial Services Limited          | xi. J P Morgan Asset Management India Pvt. Ltd.              |
| iv. Mahindra Composites Limited                              | xii. LICHL Trustee Company Pvt. Ltd.                         |
| v. Mahindra CIE Automotive Ltd. (Mahyindra Forgings Limited) | xiii. L&T Infra Investment Partners Advisory Private Limited |
| vi. National Organic Chemical Ltd.                           | xiv. Lavgan Dockyard Limited                                 |
| vii. Samson Maritime Limited                                 | xv. Mentor Technologies Private Limited                      |
| viii. Sicagen India Limited                                  | xvi. Snowcem Paints Pvt. Ltd.                                |

- D) Mr. Sanjiv N. Shah, has done BA (Economics & Statistics) from the University of Bombay, B.Sc. (Economics) from the University of London and is an associate member of Institute of Chartered Accountants, England & Wales and also Fellow member of Institute of Chartered Accountants, India.

Mr. Sanjiv N. Shah worked with Ernst & Whinney, London for the period from 1981 to 1987, Deloitte Haskins & Sells as Principal from 1987 to 1989 and S. B. Billimoria & Co. as Partner from 1989 to 2002. Mr. Shah is a member of Audit Committee and Stakeholders' Relationship and Shareholders' / Investors' Grievance Committee of the Board of Directors of the Company. Mr. Shah does not hold any shares in the Company. Mr. Sanjiv N. Shah is a Director on the Boards of the following companies:

- |                              |  |
|------------------------------|--|
| i. Bharat Bijlee Ltd.        | iii. Nemish Shah Investments Pvt. Ltd. |
| ii. SNS Consulting Pvt. Ltd. | iv. Angre Port Pvt. Ltd.               |

- E) Mr. Ravindra Kulkarni is a Science Graduate with a Masters Degree in Law. Mr. Kulkarni is an Advocate by profession and a partner in Khaitan & Co., a solicitor firm. He has immense experience in all aspect of Corporate Law, Mergers and Acquisitions including Cross-border mergers, Capital Markets, Securities Laws etc. Mr. Kulkarni is a member of Audit Committee, Stakeholders' Relationship and Shareholders' / Investors' Grievance Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. Mr. Kulkarni does not hold any shares in the Company. Mr. Kulkarni is a Director in the following public limited companies.

- |  |  |
|--|--|
| i. Elantas Beck India Limited            | vi. Tech Mahindra Limited                |
| ii. Styrolution ABS (India) Ltd.         | vii. Lavgan Dockyard Limited             |
| iii. Entertainment Network India Limited | viii. Mahindra Trustee Company Pvt. Ltd. |
| iv. Khaitan Consultants Limited          | ix. Mahindra Electrol Trust Company      |
| v. Mahindra & Mahindra Limited           | x. Shamrao Vithal Co-op Bank Limited     |

- F) Mr. Farokh Guzder is an industrialist and holds a B.A. Degree in Philosophy from University College London. Mr. Guzder is Executive Director of N. S. Guzder & Co. Pvt. Ltd. N. S. Guzder & Co. Pvt. Ltd. is a successful Project Transportation and Freight Forwarding Company which has diversified into Construction, Repairs, Rehabilitation, corrosion litigation and high end coating works for factories, residential buildings, hospitals etc. Mr. Guzder has vast experience in areas connected to building construction and rehabilitation works. Mr. Guzder is a member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. Mr. Guzder does not hold any shares in the Company. Mr. Guzder is Director on the Board of following Companies :

- |                                      |  |
|--------------------------------------|--|
| i. AFL Private Limited               | vii. Indglobal Network Support Pvt. Ltd.     |
| ii. N. S. Guzder & Company Pvt. Ltd. | viii. Nukote Coating Systems India Pvt. Ltd. |
| iii. Jamshed Investments Pvt. Ltd.   | ix. BDS Projects India Private Limited       |
| iv. BP India Limited                 | x. CJG Warehouse Infrastructure Pvt. Ltd.    |
| v. DACHSER India Private Limited     | xi. Total Imaging Solutions Private Limited  |
| vi. EFGEE Securities Pvt. Ltd.       | xii. Cyfast Enterprises Pvt. Ltd.            |

- G) Admiral Arun Prakash retired as India's 20th Naval Chief and Chairman Chiefs of Staff in end-2006. Commissioned into the Executive Branch in 1966, he specialized as a naval-aviator and has flown fighters from aircraft-carriers and patrol aircraft from ashore. During his 40-year career, he commanded four warships, including the aircraft-carrier Viraat, two naval air squadrons and a naval air station. In flag rank he commanded India's Eastern Fleet, the National Defence Academy, the Andaman & Nicobar Joint Command, and the Western

# CHOWGULE STEAMSHIPS LIMITED

Naval Command. In staff assignments he served as head of the navy's Aviation and Personnel branches and as Vice Chief of the Naval Staff. A graduate of the IAF Test Pilots School, the Defence Services Staff College and the US Naval War College, he was awarded the Vir Chakra for gallantry during the 1971 war, while flying with an IAF ground-attack squadron. Post-retirement, he has settled in Goa and writes and speaks on strategic and defence related topics. He has served as Chairman of the National Maritime Foundation and as a two-term member of the National Security Advisory Board. Admiral Arun Prakash (Retd) is not a member of any of the Committee of the Board. Admiral Arun Prakash (Retd) does not hold any shares in the Company. Admiral Arun Prakash (Retd) is an Independent Director on the Board of Modest Infrastructure Private Limited.

## 8. GENERAL BODY MEETING

The previous three Annual General Meetings were held at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa, as under.

<u>Day</u>	<u>Date</u>	<u>Time</u>
Friday	July 12, 2013(#)	11.00 a.m.
Friday	July 6, 2012	11.00 a.m.
Friday	July 8, 2011(*)	11.00 a.m.

(#) One resolution pertaining to re-appointment of Mr. Mangesh Sawant as Executive Director & CFO further period of three years with effect from April 22, 2013 to April 21, 2016

(\*) One resolution pertaining to appointment of Mr. Mangesh Sawant as Executive Director & CFO was passed by way of special resolution.

## 9. DISCLOSURES

There were no materially significant related party transactions save as disclosed in notes to accounts. There was no non-compliance by the Company of any of the regulations pertaining to the capital market during the previous three years.

## 10. MEANS OF COMMUNICATION

The quarterly / annual financial results are published in the Free Press Journal, Navshakti, Gomantak & Gomantak Times. The results are also hosted on the Company's Web Site: [www.chowgulesteamships.co.in](http://www.chowgulesteamships.co.in) The Management Discussion and Analysis is a part of this Annual Report.

## 11. COMPLIANCE

The Company has complied with the mandatory requirements in terms of the Corporate Governance guidelines. However, the Company has not yet adopted the non-mandatory requirements.

## 12. GENERAL SHAREHOLDER INFORMATION

### 51<sup>st</sup> Annual General Meeting

Day, Date & Time	: Wednesday, July 09, 2014 at 11.00 a.m.
Venue	: Chowgule House, Mormugao Harbour, Goa-403803
Financial Year	: 2013-2014
Book Closure Date	: July 2, 2014 – July 9, 2014 (both days inclusive)
Dividend Payment Date	: N.A.

Listed at the Bombay Stock Exchange Ltd. (Stock Code 501833), Rotunda Building, Dalal Street, Mumbai 400 001 (Tel. 2272 1233).

### MARKET PRICE DATA DURING APRIL 2013 – MARCH 2014 (BSE)

<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>
April	12.00	10.51
May	12.95	9.72
June	10.89	9.10
July	11.80	8.77
August	10.20	8.56
September	11.01	9.21
October	11.00	9.48
November	10.75	9.02
December	12.40	9.03
January	14.33	10.38
February	11.99	9.63
March	12.32	9.71

**PERFORMANCE IN COMPARISON WITH SENSEX IS GIVEN BELOW:**

DATE	CLOSING SENSEX	% MOVEMENT OF SENSEX MONTH TO MONTH	CSL CLOSING SHARE PRICE (₹)	% MOVEMENT OF SHARE PRICES MONTH TO MONTH
Apr-13	19504.18	+3.55	11.08	-2.64
May-13	19760.30	+1.31	11.00	-0.72
Jun-13	19395.81	-1.84	9.64	-12.36
Jul-13	19345.70	-0.26	10.00	+3.73
Aug-13	18619.72	-3.75	9.02	-9.80
Sep-13	19379.77	+4.08	10.70	+18.63
Oct-13	21164.52	+9.21	9.55	-10.75
Nov-13	20791.93	-1.76	9.65	+1.05
Dec-13	21170.68	+1.82	12.40	+28.50
Jan-14	20513.85	-3.10	11.44	-7.74
Feb-14	21120.12	+2.96	10.25	-10.40
Mar-14	22386.27	+5.99	10.19	-0.59

**DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2014 IS GIVEN BELOW:**

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In Rupees	% to Total
Upto 5000		22,158	89.8430	27111370	7.4670
5001	10000	1,329	5.3890	10833070	2.9840
10001	20000	568	2.3030	8684130	2.3920
20001	30000	203	0.8230	5247040	1.4450
30001	40000	67	0.2720	2383170	0.6560
40001	50000	80	0.3240	3809270	1.0490
50001	100000	107	0.4340	7874010	2.1690
100001	And above	151	0.6120	297142190	81.8380
<b>Total</b>		<b>24,663</b>	<b>100.00</b>	<b>363084250</b>	<b>100.00</b>

Category	No. of Shares	% Shareholding
Promoters/Person acting in concert	24796556	68.29
Banks, Financial Institution, Insurance Cos. etc	9490	0.03
Private Corporate Bodies	699984	1.93
NRIs / OCBs	287167	0.79
Mutual Funds & UTI	10423	0.03
Indian Public	10504805	28.93
<b>TOTAL</b>	<b>36308425</b>	<b>100</b>

About 86.70% (11969 shareholders) of the equity shares have been dematerialized as at March 31, 2014. Balance 13.30% (12694 shareholders) are in physical form.

**Share Transfer Process**

The Company's shares are under compulsory dematerialized list hence the shares traded on the stock exchange are transferable through depository system. Shares in physical form are processed for transfer by the share transfer agent viz. Link Intime India Pvt Ltd (Earlier known as Intime Spectrum Registry Limited) and are approved by the share transfer committee. The share transfers are processed within a period of 15 days from the date of its receipt.

**Address for Correspondence:**

Chowgule Steamships Limited  
Bakhtawar, 4th Floor,  
Nariman Point,  
Mumbai - 400 021.  
Email : joshi.csl@chowgule.co.in

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Email : rnt.helpdesk@linkintime.co.in Tel : 022 2596 6970

For and on behalf of the Board

Place : Mumbai,  
Date : May 08, 2014

**VIJAY V. CHOWGULE**  
Chairman

# CHOWGULE STEAMSHIPS LIMITED

## ANNEXURE - I

Statement regarding Conservation of Energy, Technology, Absorption & Foreign Exchange Earnings and Outgo as required under Clause (e) of Sub-Sec. (1) of Section 217 of the Companies Act, 1956 which forms part of the Directors' Report for the year ended March 31, 2014.

Item	Particulars	Comments
A.	<b>Conservation of Energy</b>	
(a)	Measures	The Company has operationally well maintained vessel. There is hardly any scope for conservation measures
b)	Addl. Investment and proposals, if any, being implemented for reduction of energy consumption	Nil
(c)	Impact of the measures (a) and (b) above and consequent impact on cost of production	Nil
(d)	Total energy consumption and consumption per unit of to a Shipping Company production in Form 'A'	Not applicable
B.	<b>Technology Absorption</b>	
(e)	Efforts made in Technology absorption to a Shipping Company	Not applicable
i)	Research and Development	Nil
ii)	Technology absorption, adoption and innovation	Nil
C.	<b>Foreign Exchange Earnings &amp; Outgo</b>	
(f)	Activities relating to exports, initiative taken to increase exports, development of new export plans	Not applicable
(g)	<b>Total Foreign Exchange</b>	
i)	Used (including loan repayments, interest, etc.)	₹ 783.31 lakhs
ii)	Earned	₹ 1,600.54 lakhs

## AUDITORS' CERTIFICATE

### TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

We have examined the compliance of conditions of Corporate Governance by **CHOWGULE STEAMSHIPS LIMITED**, for the year, ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Firm's Registration No. 101496W)

Place : Mumbai,  
Date : May 08, 2014

**Z. F. Billimoria**  
Partner  
Membership No. 42791

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **CHOWGULE STEAMSHIPS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the Directors as on 31st March, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Firm's Registration No. 101496W)

**Z. F. Billimoria**  
Partner  
Membership No. 42791

Place : Mumbai,  
Date : May 08, 2014

# CHOWGULE STEAMSHIPS LIMITED

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date on the accounts of Chowgule Steamships Limited for the year ended 31st March, 2014)

- (i) Having regard to the nature of the Company's business/activities/results/transactions etc. during the year, matters specified in clauses (vi) regarding acceptance of deposits from public, (viii) regarding maintenance of cost records, (x) regarding accumulated losses and cash losses, (xii) regarding granting of loans and advances on the basis of securities, (xiii) regarding chit fund, nidhi/ mutual benefit fund/ societies, (xiv) regarding dealing or trading in securities, debentures and other investments, (xv) regarding guarantees given by the Company, (xvi) regarding application of term loan for the purpose for which they were obtained, (xviii) regarding preferential allotment of shares, (xix) regarding creation of security for debentures issued and (xx) regarding end use of money raised by public issues, of paragraph 4 of "the Order" are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year on a monthly basis by independent ship managers, who manage the Company's vessel at reasonable intervals. In our opinion and having regard to the nature of the Company's business, the interval of physical verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the independent ship managers, who manage the Company's vessel, were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company's inventories comprise paints and lube oil on board of the ship. Having regard to the nature of the Company's business and scale of operations, quantities are determined by physical count and it is not considered necessary to maintain records of movements of inventories of such items by the vessel in which they are carried. As quantities are determined by physical count and records of movement are not maintained on board the vessel, the question of discrepancies on physical verification thereof does not arise.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956
- (v) According to the information and explanations given to us, the function of purchase of inventories for the Company's fleet is out sourced to independent ship managers and the ship managers raise monthly debit notes for the costs incurred by them once a month, which are reimbursed to them by the Company. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for verification of debit notes raised by the ship managers in respect of the purchase of inventories for the Company's fleet, the purchase of fixed assets and the sale of services. During the course of our audit, we have neither observed nor have we been informed about any major weaknesses in such internal control systems.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Act.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us, in respect of statutory dues and other dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Sales Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amount payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Sales Tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax and Sales Tax which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakhs)
The Tamil Nadu General Sales Tax Act, 1959	Sales Tax	High Court of Madras	Financial Year 1995-96	189.60
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2003-04	7.42
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2004-05	9.28
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2011-12	368.28

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to bank. The Company has not obtained any borrowings from financial institution and has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis, prima facie, not been used during the year for long-term investment.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Firm's Registration No. 101496W)

**Z. F. Billimoria**  
Partner  
Membership No. 42791

Place : Mumbai,  
Date : May 08, 2014

# CHOWGULE STEAMSHIPS LIMITED

## BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>(I) EQUITY AND LIABILITIES :</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a) Share Capital	2	3,630.84	3,630.84
b) Reserves and Surplus	3	11,201.75	11,299.85
c) Money Received against Share Warrants		—	—
		14,832.59	14,930.69
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		—	—
<b>3 NON-CURRENT LIABILITIES</b>			
a) Long-Term Borrowings	4	1,149.31	274.00
b) Deferred Tax Liabilities (Net)	5	1,038.00	1,342.00
c) Other Long-Term Liabilities	6	99.36	99.36
d) Long-Term Provisions	7	26.85	23.66
		2,313.52	1,739.02
<b>4 CURRENT LIABILITIES</b>			
a) Short-Term Borrowings	8	161.57	1.46
b) Trade Payables	9	322.11	482.67
c) Other Current Liabilities	10	544.48	1,779.29
d) Short-Term Provisions	11	8.50	7.87
		1,036.66	2,271.29
<b>TOTAL</b>		<b>18,182.77</b>	<b>18,941.00</b>
<b>(II) ASSETS :</b>			
<b>1 NON-CURRENT ASSETS</b>			
a) Fixed Assets			
(i) Tangible Assets	12	5,361.34	6,101.85
(ii) Intangible Assets		—	—
(iii) Capital Work-in-Progress		—	—
(iv) Intangible Assets under Development		—	—
b) Non-Current Investments	13	9,823.24	7,389.64
c) Deferred Tax Assets (Net)		—	—
d) Long-Term Loans and Advances	14	81.13	4,396.48
e) Other Non-Current Assets	15	0.50	0.50
		15,266.21	17,888.47
<b>2 CURRENT ASSETS</b>			
a) Current Investments	16	2,138.48	350.57
b) Inventories	17	49.68	291.93
c) Trade Receivables	18	326.55	—
d) Cash and Bank Balances	19	95.92	183.30
e) Short-Term Loans and Advances	20	240.10	226.66
f) Other Current Assets	21	65.83	0.07
		2,916.56	1,052.53
<b>TOTAL</b>		<b>18,182.77</b>	<b>18,941.00</b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>REVENUE</b>			
I. Revenue from Operations	23	1,612.06	1,318.54
II. Other Income	24	246.69	662.76
III. <b>Total Revenue</b>		1,858.75	1,981.30
<b>IV. EXPENSES:</b>			
Operating Expenses	25	982.99	1,411.80
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods		-	-
Employee Benefits Expenses	26	649.32	593.10
Finance Cost	27	93.96	60.29
Depreciation and Amortisation	12	679.61	374.04
Other Expenses	28	229.44	252.70
<b>Total Expenses</b>		2,635.32	2,691.93
V. <b>Loss before Exceptional and Extraordinary Items and Tax (III - IV)</b>		(776.57)	(710.63)
VI. Exceptional Items	29	439.02	(709.41)
VII. <b>Loss before Extraordinary Items and Tax (V - VI)</b>		(337.55)	(1,420.04)
VIII. Extraordinary Items		-	-
IX. <b>Loss Before Tax (VII - VIII)</b>		(337.55)	(1,420.04)
X. Tax Expense:			
- Current Tax		-	-
- Reversal of Deferred Tax Liabilities	5	304.00	352.00
- Excess Provision for Tax Relating to Prior Years		(2.93)	-
		301.07	352.00
XI. <b>Loss for the year from Continuing Operations (IX - X)</b>		(36.48)	(1,068.04)
XII. Loss from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. <b>Loss for the year from Discontinuing Operations (after tax) (XII - XIII)</b>		-	-
XV. <b>Loss for the year (XI + XIV)</b>		(36.48)	(1,068.04)
XVI. Basic and Diluted Earnings per Equity Share of ₹ 10/- each (in ₹)	33	(0.10)	(2.94)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

# CHOWGULE STEAMSHIPS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Loss before Tax and Extraordinary Items	(337.55)	(1,420.04)
<b>Adjustments for:</b>		
Depreciation	679.61	374.04
Impairment	-	994.36
Provision for Employee Benefits	(1.91)	(15.61)
Sundry Balance Written Back	(11.52)	(31.23)
Foreign Exchange Translation Differences	206.04	176.52
Interest Income	(0.05)	(2.13)
Dividend Income	(4.05)	(78.07)
Profit on Sale of Current Investments	(43.87)	(579.89)
Profit on Sale of Fixed Asset	-	(269.30)
Assets Written Off	0.04	1.58
Interest & Other Finance Charges Paid	93.96	60.29
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>580.70</b>	<b>(789.48)</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Trade Receivables	(326.55)	-
(Increase) / Decrease in Long-Term Loans and Advances	(3.05)	(15.64)
(Increase) / Decrease in Short-Term Loans and Advances	(1.41)	52.90
(Increase) / Decrease in Other Current Assets	(65.71)	-
(Increase) / Decrease in Term Deposit with Bank	-	30.00
Movement in restricted Bank Balances	5.81	6.95
(Increase) / Decrease in Inventories	242.25	(266.15)
Increase/(Decrease) in Trade Payables	(149.04)	303.63
Increase/(Decrease) in Other Long Term Liabilities	-	99.36
Increase/(Decrease) in Other Current Liabilities	(63.00)	15.11
<b>Cash Generated from Operations</b>	<b>220.00</b>	<b>(563.32)</b>
Less: Taxes Paid	(14.96)	(5.57)
<b>Net Cash Flow from / (Used in) Operating Activities (A)</b>	<b>205.04</b>	<b>(568.89)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(0.76)	(2.34)
Sale of Fixed Asset	-	273.07
Sale of Current Investments	1,207.42	8,234.66
Purchase of Current Investments	(2,951.46)	(2,157.65)
Investment in Subsidiary Company	-	(3,197.21)
Loan return by / (given to) Subsidiary Company	1,884.81	(1,782.90)
Interest Received	-	2.75
Dividend Received	4.05	78.07
<b>Net Cash Flow from Investing Activities (B)</b>	<b>144.06</b>	<b>1,448.45</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase in Cash Credit Balance	160.11	0.87
Repayment of Borrowings	(494.98)	(1,615.65)
Interest Paid	(94.15)	(59.98)
Unclaimed Dividend Paid	(5.81)	(6.95)
<b>Net Cash Flow used in Financing Activities (C)</b>	<b>(434.83)</b>	<b>(1,681.71)</b>
<b>Net Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(85.73)</b>	<b>(802.15)</b>
Cash and Cash Equivalents - Opening Balance	136.73	931.51
Cash and Cash Equivalents - Closing Balance	51.00	129.36
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		
Cash on Hand and Balances with Banks	51.00	129.36
Effect of Exchange Rate Change - Favourable	4.16	7.37
<b>Cash &amp; Cash Equivalents as Restated</b>	<b>55.16</b>	<b>136.73</b>
<b>Foot Note:</b>		
Cash & Cash Equivalents as above. (Refer to Note No. 19)	55.16	136.73
Add: Restricted Bank Balances	40.76	46.57
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>95.92</b>	<b>183.30</b>

Note : During the year, conversion of loan given to a subsidiary Company ₹ 2,433.60 lakhs (2013- ₹ Nil ) to Convertible Redeemable Preference Shares is consider as a non-cash transaction.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

For and on behalf of the Board of Directors

**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

## NOTES TO THE FINANCIAL STATEMENTS

### Corporate information:

Chowgule Steamships Limited (CSL) "the Company" is a private sector shipping company which presently owns and operates a fleet of 5 vessels (including that of its wholly owned subsidiaries) for seaborne transportation of bulk cargoes. CSL is principally engaged in the carriage of goods by sea and is committed to serve its customers to their satisfaction and mutual optimum benefits.

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Accounting and Preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") [which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs] and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### ii. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### iii. Tangible Fixed Assets and Depreciation:

Fixed assets (other than buildings) are stated at purchase price and exchange differences arising on the conversion of foreign currency borrowings for the acquisition of ships from outside India at the year end date and exchange differences on the payment of those borrowings during the year are credited / debited to the Statement of Profit and Loss.

Buildings have been revalued on 31st March, 2002.

The Company depreciates its fleet of ships on a straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. The cost of second hand ships and other capital additions thereto are depreciated with reference to their residual lives if such lives are lower than lives determined with reference to rates prescribed in Schedule XIV to the Companies Act, 1956.

Other assets are depreciated on written down value basis at the rates specified in Schedule XIV to the Companies Act, 1956.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization by the Company. Depreciation on buildings has been provided on revalued amount. The additional depreciation on revaluation is recouped from the revaluation reserve.

The Management estimates the useful lives for the fixed assets as under:

Vessel	25 years
Buildings	15 years
Furniture and Fixtures	5 years
Office Equipments	5 years
Vehicles	4 years
Computers	3 years

#### iv. Impairment of Fixed Assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

#### v. Investments:

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost and market value. Long-term investments are carried at cost of acquisitions, net of diminution in value, if any, which is other than temporary.

#### vi. Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is ascertained on a first-in-first-out basis.

#### vii. Unfinished Voyage:

Unfinished voyages represent voyage charter earnings received, reduced by direct operating expenses, related to incomplete voyages as at the Balance Sheet date.

#### viii. Revenue Recognition:

Freight and demurrage earnings are recognised on a completed voyage basis.

Time charter earnings are accrued on a time proportion basis.

Interest Income is recognised on the time proportionate basis taking into account the amount outstanding and rate applicable.

Dividend Income is recognised when the right to receive such dividend is established.

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### ix. Insurance Claims:

Insurance claims for damages to ship's hull, machinery etc. are being accrued in the year of acceptance of the claim and are based on technical considerations.

### x. Employee Benefits:

#### a. Short-Term Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

#### b. Long-Term Employee Benefits

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, it is financed by the Company along with its employees.

##### i) Defined-Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

##### ii) Defined-Benefit Plans

Expenses for defined-benefit gratuity plans are calculated as at the Balance Sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

#### c. Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

### xi. Transactions in Foreign Currency:

a. Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing on the date of the transaction at the commencement of the month in which the transaction takes place, if it approximates the actual rate on the date of the transaction. In other cases, the rates prevailing at the date of the transaction are used.

b. As at the Balance Sheet date:

i) Foreign currency monetary items are reported using the closing rate;

ii) Non-monetary items that are carried at historical cost and denominated in foreign currency are reported using the exchange rate at the date of the transaction; and

iii) Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

### xii. Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### xiii. Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

### xiv. Taxes on Income:

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax

## NOTES TO THE FINANCIAL STATEMENTS

regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

### xv. Operating Lease:

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period. Where the Company as a lessor, leased assets under operating leases, lease rental under such lease are recognised in the Statement of Profit and Loss on a straight-line basis.

### xvi. Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit/(loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### xvii. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### xviii. Operating Cycle:

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 2 SHARE CAPITAL

### AUTHORISED

50,000,000 (2013 - 50,000,000) Equity shares of ₹ 10/- each

2,500,000 (2013 - 2,500,000) Redeemable Preference shares of ₹ 100/- each

### ISSUED, SUBSCRIBED AND PAID-UP

36,308,425 (2013 - 36,308,425) Equity Shares of ₹ 10 each, fully paid up

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
	5,000.00	5,000.00
	2,500.00	2,500.00
	7,500.00	7,500.00
	3,630.84	3,630.84
<b>TOTAL</b>	3,630.84	3,630.84

### Rights, Preferences and Restrictions attached to Equity shares

The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10.

Each holder of equity shares is entitled to one vote per share.

The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting except in the case of interim dividend.

The equity shares are not repayable except in the case of a buy-back, reduction of capital or winding up. In the event of liquidation of the Company, members of the Company holding equity shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

In last 5 years no classes of shares has been issued or bought back by the Company nor have any bonus issues been made by the Company.

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Following are the names of the shareholders together with the number of Equity Shares holding more than 5 percent of the total Equity Shares:

Name of the Equity Shareholders		Numbers of Shares as at 31-Mar-2014	Numbers of Shares as at 31-Mar-2013
Chowgule and Company Private Limited		16,932,891	16,932,891
	Percentage	46.64	46.64
Quail Investments Limited		2,260,843	2,260,843
	Percentage	6.23	6.23

### 3 RESERVES AND SURPLUS

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
a) <b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	11.96	11.96
b) <b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	30.00	30.00
c) <b>SHARE PREMIUM</b>		
Balance as per last Balance Sheet	2,922.01	2,922.01
d) <b>REVALUATION RESERVE</b>		
Balance as per last Balance Sheet	1,232.22	1,297.07
Adjusted against corresponding depreciation charge (Refer to Note No. 12)	(61.62)	(64.85)
	1,170.60	1,232.22
e) <b>OTHER RESERVES</b>		
<b>GENERAL RESERVE</b>	4,117.50	4,117.50
f) <b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
Opening Balance	2,986.16	4,054.20
Loss for the year	(36.48)	(1,068.04)
Closing Balance	2,949.68	2,986.16
<b>TOTAL</b>	<b>11,201.75</b>	<b>11,299.85</b>

### 4 LONG-TERM BORROWINGS

#### SECURED BORROWINGS

##### Loans from Bank:

##### Term Loan

Secured by mortgage of vessel m.v. Maratha Providence (Refer to Note No. 10)

1,149.31	274.00
<b>TOTAL</b>	<b>274.00</b>

During the year the terms of repayment of the loan has been restructured as per the revised repayment schedule given below:

##### Terms of Repayment

No. of installments outstanding	6	2
Amount of installments	USD 200,000	USD 1,500,000
Installments payable	Quarterly	Semi annually
Amount of last installment	USD 1,500,000	USD 500,000
Interest rate	3 months LIBOR + 2%	6 months LIBOR + 0.95%

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>5 DEFERRED TAX LIABILITIES</b>		
<b>Deferred Tax Liability :</b>		
Depreciation on Fixed Assets & Exchange Difference	1,119.00	1,415.00
	1,119.00	1,415.00
<b>Deferred Tax Asset :</b>		
Provision for Doubtful Debts	(14.00)	(15.00)
Provision for Employees' Benefits	(17.00)	(19.00)
Exchange Fluctuation	(50.00)	(39.00)
	(81.00)	(73.00)
<b>Net Deferred Tax Liability</b>	1,038.00	1,342.00
<p>The Company has recognised in the Statement of Profit and Loss the net provision of deferred tax asset of ₹ 304.00 lakhs (2013- ₹ 352.00 lakhs).</p>		
<b>6 OTHER LONG-TERM LIABILITIES</b>		
Rent Deposit	99.36	99.36
<b>TOTAL</b>	99.36	99.36
<b>7 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits:		
Compensated Absences	26.85	23.66
<b>TOTAL</b>	26.85	23.66
<b>8 SHORT-TERM BORROWINGS</b>		
<b>SECURED BORROWINGS</b>		
<b>Loan Repayable on Demand from Bank :</b>		
Cash Credits: (Refer to Note No. 12, 17 & 18)	161.57	1.46
Secured against hypothecation of book debts and stocks / stores aboard the vessel and first equitable mortgage on the Company's office premises		
<b>TOTAL</b>	161.57	1.46

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>9 TRADE PAYABLES</b>		
Shipping Cost Payable	304.72	473.56
Provision for Other Expenses	17.39	9.11
<b>TOTAL</b>	<b>322.11</b>	<b>482.67</b>

According to the information available with the Company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2014.

## 10 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt:

Secured by mortgage of m.v. Maratha Providence (Refer to Note No. 4)	483.92	1,644.00
Interest Accrued but Not Due on Loans	0.10	0.29
Charter Hire (Received in Advance)	–	15.17
Rent Received in Advance	–	49.68
Payable to Gratuity Fund (Refer to Note No. 30)	13.59	19.32
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	40.76	46.57
Other Payables:		
Statutory Remittances	6.11	4.26

**TOTAL** 544.48 1,779.29

## 11 SHORT-TERM PROVISIONS

Provision for Employee Benefits:		
Compensated Absences	8.50	7.87
<b>TOTAL</b>	<b>8.50</b>	<b>7.87</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 12 FIXED ASSETS

Particulars	COST				ACCUMULATED DEPRECIATION			BOOK VALUE			
	Opening as at 1-Apr-2013	Additions during the year	Acquired through business contributors	Deductions / Write off during the year	Closing as at 31-Mar-2014	For the year on original cost	adjusted against corresponding draw down from revaluation reserve	Impairment during the year	Deductions during the year	Up to 31-Mar-2014	As at 31-Mar-2014
<b>Tangible Assets</b>											
Freehold Land	231.92 (235.69)	-	-	-	231.92 (231.92)	-	-	-	-	-	231.92 (231.92)
<b>Buildings</b> (See Footnote No. 3)											
On Leasehold land - Office Premises (See Footnote No. 1 & 6)	9,086.86 (2,086.86)	-	-	-	2,086.86 (2,086.86)	0.92 (0.23)	58.66 (61.74)	-	-	968.30 (909.42)	1,118.56 (1,177.44)
On Freehold land - Staff Quarters (See Footnote No. 2)	110.43 (110.43)	-	-	-	110.43 (110.43)	0.08 (0.08)	9.96 (3.11)	-	-	59.79 (49.75)	57.64 (60.68)
<b>Furniture and Fixtures</b>	59.75 (52.75)	-	-	-	59.75 (52.75)	3.98 (4.00)	-	-	-	37.95 (34.67)	14.80 (18.08)
<b>Vehicles</b>	16.12 (16.12)	-	-	-	16.12 (16.12)	1.32 (0.92)	-	-	-	19.39 (11.00)	3.80 (5.12)
<b>Office Equipments</b>	153.24 (153.84)	0.76 (2.34)	-	0.39 (2.94)	153.61 (153.84)	6.88 (8.15)	-	-	0.35 (1.22)	116.19 (109.66)	37.42 (43.58)
<b>Vessel</b> (See Footnote No. 4 & 5)	13,530.37 (13,530.37)	-	-	-	13,530.37 (13,530.37)	667.83 (359.80)	-	(994.36)	-	9,633.17 (8,965.34)	3,897.20 (4,565.03)
<b>TOTAL</b>	16,181.69	0.76	-	0.39	16,189.06	10,079.84	679.61	61.62	-	10,820.72	5,361.34
<i>Previous Year</i> <i>(Figures in bracket related to previous year)</i>	16,186.06	2.34	-	6.71	16,181.69	8,647.81	64.85	994.36	1.22	10,079.84	6,101.85

#### FOOTNOTES:

- Includes cost of 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Baktiwar Commercial Premises Co-operative Society Limited. Secured also as first equitable mortgage for Cash Credit facility from State Bank of India. (Refer to Note No. 8)
- Includes cost of 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Daedar Paschim Apartments Co-operative Housing Society Limited and 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Olympus Co-operative Housing Society Limited.
- The Company had revalued its block of assets under 'Buildings' as on 31.03.2002. The revaluation had been carried out based on a report by an independent professional valuer. The revalued amounts are as under

Buildings	Historical cost		Written Down Value		Revalued Amount (Substituted for original cost)		Difference in W.D.V. and revalued amount (₹ in Lakhs)
	as on 31.03.2002	(₹ in Lakhs)	as on 31.03.2002	(₹ in Lakhs)	as on 31.03.2002	(₹ in Lakhs)	
Leasehold land - Office Premises	24.45		7.59		9,070.00		9,062.41
Freehold land - Staff Quarters	6.49		9.76		106.68		103.92
<b>TOTAL</b>	30.94		10.35		9,176.68		9,166.33

The revaluation was based on comparable sale approach, taking into consideration situation of buildings, size, specification of construction, existing amenities and demand for such type of buildings in same locality and prevailing market for such type of buildings. Revaluation Reserve was appropriately created for the same.

Depreciation provided on the revalued portion of the buildings amounting to ₹ 61.62 lakhs (2013 - ₹ 64.85 lakhs) has been directly adjusted from the Revaluation Reserve. (Refer to Note No. 3)

- During previous year, the Company has identified its Vessel as impaired due to significant drag on realisable value of the Vessel after considering the economic life. The impairment loss of ₹ Nil (2013 - ₹ 994.36 lakhs) was computed considering value in use. (Refer to Note no. 29)
- During the year, the Company has revised the estimated useful life of the vessel. Consequently, the depreciation charged for the year is lower by ₹ 1,819.08 lakhs (2013 - ₹ Nil).
- Office premises includes an amount of ₹ 1,391.25 lakhs (2013 - ₹ 1,391.25 lakhs) given on lease. Depreciation for the same is ₹ 0.17 lakhs (2013 - ₹ 0.18 lakhs). Future minimum rent receipts are as under

	31-Mar-2014	31-Mar-2013
	(₹ in Lakhs)	(₹ in Lakhs)
Not later than one year	198.72	198.72
Later than one year and not later than five years	198.79	397.44
<b>TOTAL</b>	397.44	596.16

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	No. of Shares	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>13 NON CURRENT INVESTMENTS</b>			
<b>LONG TERM:</b>			
<b>Trade Investments</b>			
<b>Investments in the Subsidiary Company (Unquoted) at Cost:</b>			
Chowgule Steamships Overseas Limited (100% wholly owned subsidiary) (Equity Shares of USD 1 each fully paid up)	9,200,000	4,191.79	4,191.79
Chowgule Steamships Overseas Limited [Refer to Note No. 31(iii)] (Convertible Redeemable Preference Shares of USD 1 each fully paid up) (2013 - 5,500,000 in Nos.)	9,500,000	5,357.80	2,924.20
<b>Investments in Other Company (Unquoted) at Cost:</b>			
Chowgule Ports Infrastructure Private Limited (Equity Shares of ₹ 10 each fully paid up)	2,735,000	273.50	273.50
<b>Non-Trade Investments</b>			
<b>Investments in Equity Shares (Quoted) of ₹ 10 each fully paid up at Cost:</b>			
Mahindra Lifespace Developers Limited #	16	–	–
ICICI Bank Limited	150	0.05	0.05
Global Offshore Services Limited	50	0.01	0.01
Essar Ports Limited	466	0.02	0.02
Essar Shipping Limited	233	0.01	0.01
Great Offshore Limited #	30	–	–
The Great Eastern Shipping Company Limited	121	0.02	0.02
Varun Shipping Company Limited	150	0.02	0.02
Shreyas Shipping and Logistics Limited #	100	–	–
The Shipping Corporation of India Limited	75	0.02	0.02
		0.15	0.15
<b>TOTAL</b>		<b>9,823.24</b>	<b>7,389.64</b>
Aggregate amount of quoted investments		0.15	0.15
Aggregate amount of unquoted investments		9,823.09	7,389.49
Aggregate market value of quoted investments # value less than ₹ 500		2.80	2.48
<b>14 LONG-TERM LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Capital Advances		27.52	24.47
Security Deposits		6.21	6.21
Advance to Wholly Owned Subsidiary [Refer to Note No. 31 (iii)]		–	4,318.40
Disputed Sales Tax Deposit (Refer to Note No. 22)		47.40	47.40
<b>TOTAL</b>		<b>81.13</b>	<b>4,396.48</b>
<b>15 OTHER NON CURRENT ASSETS</b>			
Balances with Bank in deposit account with maturity of more than 12 months from Balance Sheet date		0.50	0.50
<b>TOTAL</b>		<b>0.50</b>	<b>0.50</b>
Margin Money against Bank Guarantee which has a maturity of more than 12 months from Balance Sheet date. Guarantee is given by Bank and counter guaranteed by the Company for due performance of the Company's obligations.			

## NOTES TO THE FINANCIAL STATEMENTS

### 16 CURRENT INVESTMENTS

#### Investment in Mutual Funds:

#### Unquoted (at lower of cost and fair value, unless otherwise stated):

	Face Value in ₹	No. of units	As at 31-Mar-2014 (₹ in Lakhs)	No. of units	As at 31-Mar-2013 (₹ in Lakhs)
Birla Sun Life Dynamic Bond Fund - Retail - Growth-Regular Plan	10	150,008	25.75	1,451,697	249.17
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend	10	–	–	1,010,763	101.40
DWS Treasury Fund Investment - Regular Plan – Growth	10	6,480,920	907.50	–	–
ICICI Prudential Liquid - Regular Plan – Growth	100	158,002	297.73	–	–
IDFC Banking Debt Fund-Regular Plan-Growth	10	8,348,312	907.50	–	–
<b>TOTAL</b>			<u>2,138.48</u>		<u>350.57</u>
Aggregate Net Asset Value of units in Mutual Funds			2,164.39		389.65

### 17 INVENTORIES

(at lower of Cost and Net Realisable Value)

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
Paints	4.29	6.72
Fuel Oil and Lube Oil on Ships	45.39	285.21
<b>TOTAL</b>	<u>49.68</u>	<u>291.93</u>

Secured for Cash Credit facility taken from Bank (Refer to Note No. 8)

### 18 TRADE RECEIVABLES

(Unsecured)

Considered Good

More than six months from the date they were due for payment  
Other Trade Receivables

Considered Doubtful

More than six months from the date they were due for payment  
Other Trade Receivables

Less: Provision for Doubtful Debts

**TOTAL**

–		–
326.55		–
	326.55	–
41.67		41.67
–		–
41.67		41.67
41.67		41.67
	–	–
	<u>326.55</u>	–

Secured for Cash Credit facility taken from Bank (Refer to Note No. 8)

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>19 CASH AND BANK BALANCES</b>		
a) Cash and Cash Equivalents:		
In Current Account	18.74	15.45
In Foreign Currency Account	36.42	121.28
b) Other Balances:		
In Unpaid Dividend Accounts	40.76	46.57
<b>TOTAL</b>	<u>95.92</u>	<u>183.30</u>
<b>20 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advance Income Tax (net of provision for tax ₹ 826.62 lakhs [2013 - ₹ 819.00 lakhs])	140.60	127.98
MAT Credit Entitlement	74.07	74.07
Fringe Benefit Tax (net of provision for tax ₹ Nil [2013 - ₹ 7.66 lakhs])	-	0.58
Prepaid Expenses	24.42	20.29
Advance for Expenses	1.01	3.74
<b>TOTAL</b>	<u>240.10</u>	<u>226.66</u>
<b>21 OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits with Bank	0.12	0.07
Claim Receivable	65.71	-
<b>TOTAL</b>	<u>65.83</u>	<u>0.07</u>
<b>22 CONTINGENT LIABILITIES</b>		
a) Sales Tax demand not provided for: (Refer to Note No. 14)	237.00	237.00
Note: The Company has contested the above claims against the Order of the Appellate Assistant Commissioner, Chennai, confirming the Order of the Commercial Tax Officer for the Assessment Year 1995-96 in respect of charter hire of the vessel, 'm.v. Maratha Prudence'. The Company has already deposited ₹ 47.40 lakhs (Refer to Note No. 14) (including refunds withheld by the authorities) and executed a bond of ₹ 218.04 lakhs in respect of the said claim. The Company does not expect any liability to devolve on it in respect of the above and therefore no provision is held.		
b) Income Tax demand not provided for	386.14	16.70
The company has filed appeal in respect of the same.		
Note : Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.		

## NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>23 REVENUE FROM OPERATIONS</b>		
Sale of Service:		
Charter Hire Receipts	1,554.88	1,278.84
Other Operating Revenue:		
Claims Received	45.66	8.47
Sundry Balances Written Back (Net)	11.52	31.23
<b>TOTAL</b>	<b>1,612.06</b>	<b>1,318.54</b>
<b>24 OTHER INCOME</b>		
Interest on - Bank Deposit	0.05	2.13
Rental Income	198.72	2.67
Dividends		
On Long Term Investments	0.05	0.04
On Current Investments	4.00	78.03
Profit on Sale of Current Investments (Net)	43.87	579.89
<b>TOTAL</b>	<b>246.69</b>	<b>662.76</b>
<b>25 OPERATING EXPENSES</b>		
Fuel, Oil and Water	187.16	263.16
Stores and Spare Parts Consumed	249.47	131.39
Port Disbursement, Stevedorage, Light Dues etc.	21.65	13.24
Ship Repairs and Survey Charges	101.57	129.47
Dry Docking Charges	-	522.09
Insurance & Protection Club Dues	127.53	111.57
Brokerage and Agency Fees	45.31	35.25
Foreign Currency Translation Differences	48.60	29.07
Ship Management Fees	84.91	76.10
Crew Expenses	97.37	88.36
Quality & Safety Facilities	8.13	8.84
Handling & Transport	11.29	3.26
<b>TOTAL</b>	<b>982.99</b>	<b>1,411.80</b>

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>26 EMPLOYEE BENEFITS EXPENSES</b>		
Manning Cost	491.41	459.15
Salaries, Wages and Other Benefits (Refer to Note No. 30)	121.74	108.74
Contributions to Provident and Other Funds (Refer to Note No. 30)	32.54	21.99
Staff Welfare Expenses	3.63	3.22
<b>TOTAL</b>	<u>649.32</u>	<u>593.10</u>
<b>27 FINANCE COSTS</b>		
Interest on Borrowings	52.67	60.29
Other Borrowing Costs	41.29	–
<b>TOTAL</b>	<u>93.96</u>	<u>60.29</u>
<b>28 OTHER EXPENSES</b>		
Power and Fuel	7.91	8.32
Legal and Professional Expenses	18.93	22.62
Postage, Telephone, Telexes etc.	14.56	15.04
Rent	0.49	1.08
Rates and Taxes	16.61	29.11
Auditors' Remuneration		
For Statutory Audit	4.00	3.50
For Tax Audit	0.80	0.80
For Other services	3.80	2.50
Service Tax on Above	1.06	0.84
	9.66	7.64
Directors' Sitting Fees	9.21	9.00
Travelling Expenses (Including Foreign Travelling)	52.59	45.87
Brokerage Paid	–	23.14
Repairs to Building	34.05	28.05
Miscellaneous Expenses	65.39	61.25
Loss on Sale of Fixed Assets / Written Off	0.04	1.58
<b>TOTAL</b>	<u>229.44</u>	<u>252.70</u>
<b>29 EXCEPTIONAL ITEMS</b>		
Loss on Foreign Currency Translation Difference on Borrowing	(153.63)	(114.45)
Gain on Foreign Currency Translation Difference on Partial Repayment of Loan and on Conversion of Loan into Convertible Redeemable Preference Shares in respect of Subsidiary	592.65	130.10
Profit on Sale of Assets	–	269.30
Impairment Loss (Refer to Note No. 12)	–	(994.36)
<b>TOTAL</b>	<u>439.02</u>	<u>(709.41)</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 EMPLOYEE BENEFITS OBLIGATIONS

Staff Costs for the year ended 31st March, 2014, include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits. The necessary disclosures in respect thereof are as under: -

	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
<b>(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes</b>		
i) Provident Fund	8.84	7.83
ii) Superannuation Fund	10.43	9.98
<b>(b) Details of gratuity plan are as follows (Refer to Note Nos 11 &amp; 26):</b>		
The Company makes annual contributions to the Chowgule Steamships Limited Shore Employees Gratuity Fund, which in-turn, has taken Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India, which is a funded defined benefit plan for qualifying employees. This scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.		
<b>The amounts recognised in the Balance Sheet are as follows:</b>		
i) Present value of funded obligations	88.41	74.75
ii) Fair value of plan assets	74.82	55.43
iii) Amounts In the Balance Sheet		
Liabilities under Other Current liabilities (Refer to Note No.10)	13.59	19.32
<b>The amounts recognised in the Statement of Profit and Loss are as follows:</b>		
i) Current service cost	12.48	11.15
ii) Interest cost	6.13	5.42
iii) Expected return on plan assets	(5.98)	(3.57)
iv) Net actuarial Losses / (Gains) recognised in year	1.02	(5.94)
v) Past service cost	-	-
vi) Expenses recognized in the Statement of Profit and Loss under Contribution to Provident & other funds	13.65	7.06
<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
i) Opening defined benefit obligation	74.75	63.80
ii) Current Service cost	12.48	11.15
iii) Interest cost	6.13	5.42
iv) Actuarial Gains	(4.95)	(5.62)
v) Past service cost	-	-
vi) Benefits paid	-	-
vii) Closing defined benefit obligation	88.41	74.75
<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:</b>		
i) Opening fair value of plan assets	55.43	23.66
ii) Adjustment to Opening Balance	0.39	2.88
iii) Expected return	5.98	3.57
iv) Actuarial (Losses) / Gains	(5.98)	0.32
v) Contribution by employer	19.00	25.00
vi) Benefits paid	-	-
vii) Closing fair value of plan assets	74.82	55.43

The Company has the Gratuity Fund administered and managed by the Life Insurance Corporation of India (LIC). The fair value of the plan assets are based on the LIC Fund balance position as at the Balance Sheet date. The composition and the categories of plan assets are unavailable with the Company.

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Principal actuarial assumptions at the balance sheet date are as follows:

	2013-14	2012-13
i) Discount rate at 31st March	9.30% p.a.	8.20% p.a.
ii) Expected return on plan assets at 31st March	9.15% p.a.	9.15% p.a.
iii) Rate of increase in compensation	10.00% p.a.	10.00% p.a.
iv) Withdrawal rate	0.50% p.a.	0.50% p.a.
v) Maximum Gratuity payable per person	Unlimited	Unlimited
vi) Retirement age	60 years	60 years
vii) Mortality table	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate

The contribution expected to be made by the Company during the financial year 2014-15 is ₹ 12.75 lakhs (2013-14 ₹ 19.00 lakhs).

### Experience Adjustments

	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)	2013-14 (₹ in Lakhs)
Present value of the obligation	32.61	43.18	63.80	74.75	88.41
Fair value of the plan assets	9.77	11.67	23.66	55.43	74.82
Surplus/ (Deficit)	(22.84)	(31.51)	(40.14)	(19.32)	(13.59)
Experience Adjustment on Plan Liabilities	8.18	3.51	(4.59)	7.14	(0.96)
Experience Adjustment on Plan Assets	(0.91)	(0.90)	(1.62)	0.32	(5.98)

The expected rate of return on plan assets is based on the average long-term rate of return expected on investment of funds during the estimated term of obligation.

The estimates of future salary increase, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**31** Related party disclosures, as required by AS-18 "Related Party Disclosures" as notified under the Companies (Accounting Standard) Rules, 2006, are given below.

i. Name of the related parties where control exists

- Chowgule Steamships Overseas Limited (CSOL) - Wholly owned subsidiary
- Sunshine LLC – Wholly owned subsidiary of CSOL
- Sea Bird LLC - Wholly owned subsidiary of CSOL
- Sea Lord LLC - Wholly owned subsidiary of CSOL
- Sea Green LLC – Wholly owned subsidiary of CSOL
- Sea King LLC - Wholly owned subsidiary of CSOL
- Sea Link LLC - Wholly owned subsidiary of CSOL

ii. Name of related party	Nature of Relationship	Nature of Transactions	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
<b>Key Management Personnel</b>				
Mr. Mangesh Sawant	Executive Director & CFO	Remuneration for the year	51.34	40.46
<b>iii. Transactions and balance outstanding with Related Party</b>				
Chowgule Steamships Overseas Limited (CSOL)	Wholly owned subsidiary	<b>Advance</b>		
(Refer to Note No. 13 & 14)		Opening Balance	4,318.40	2,535.50
		Loan Given	–	1,782.90
		Refund of Loan	1,884.80	–
		Conversion of Loan into Shares	2,433.60	–
		Closing Balance	–	4,318.40
		<b>Investment in Convertible Redeemable Shares</b>		
		Opening Balance	2,924.20	–
		Shares issued	–	2,924.20
		Shares issued on Conversion	2,433.60	–
		Closing Balance	5,357.80	2,924.20



## NOTES TO THE FINANCIAL STATEMENTS

### 32 SEGMENT REPORTING

The Company treats 'Shipping' as single business segment and therefore details of segments are not separately shown. Given the nature of the business there are no Geographic Segments either.

**33** As per Accounting Standard (AS) 20 on 'Earnings Per Share' (Basic and Diluted), the earning per share of the Company is as under

	2013-14	2012-13
a. Net Loss for the year (₹ In Lakhs)	(36.48)	(1,068.04)
b. Weighted average number of Equity shares outstanding during the financial year (in Nos.)	36,308,425	36,308,425
c. Basic and Diluted Earnings Per Equity Share on the above (₹)	(0.10)	(2.94)

### 34 FOREIGN CURRENCY EXPOSURES

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below:

Particulars	2013-14		2012-13	
	(₹ in Lakhs)	USD Million	(₹ in Lakhs)	USD Million
<b>Receivables</b>				
Loans & Advance	–	–	4,318.40	8.00
Trade Receivables & Other assets	331.98	5.59	6.44	0.01
Cash & Bank Balances	36.42	0.06	121.28	0.22
Advance given	–	–	2.73	0.01
<b>Payables</b>				
Term Loan from Foreign Bank	1,633.23	2.70	1,918.00	3.50
Trade Payables & Other Liabilities	73.78	0.12	274.63	0.51

Note : USD = US Dollar

### 35 EARNINGS & EXPENDITURE IN FOREIGN CURRENCY

	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
Earnings in foreign currency	1,600.54	1,278.84
Expenditure in foreign currency		
Ship operating expenses, Manning costs and other related expenditure	709.44	1,176.32
Interest & other finance charges paid	73.87	51.35
<b>TOTAL</b>	<b>783.31</b>	<b>1,227.67</b>

**36** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

# CHOWGULE STEAMSHIPS LIMITED

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

	Names of the Subsidiary Companies	Chowgule Steamships Overseas Ltd. (See Foot Note 1)	Sunshine LLC (See Foot Note 2)	Sea Bird LLC (See Foot Note 2)	Sea King LLC (See Foot Note 2)	Sea Lord LLC (See Foot Note 2)	Sea Link LLC (See Foot Note 2)	Sea Green LLC (See Foot Note 2)
1	The relevant financial year of the subsidiary ended	31.3. 2014	31.3. 2014	31.3. 2014	31.3. 2014	31.3. 2014	31.3. 2014	31.3. 2014
2	No. of shares in the subsidiary Company held by Holding Company as on 31st March 2014	9,200,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1
3	Extent of holding by Holding Company as on 31st March 2014	100%	100%	100%	100%	100%	100%	100%
4	The net aggregate of the Subsidiary Companies' profits/(losses) so far as they concern the members of the Holding Company  (a) Not dealt within the Holding Company's accounts :  i) for the year ended 31.03.2014  ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries  (b) Dealt within the Holding Company's accounts :  i) for the year ended 31.03.2014  ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	US \$ (1,090,531) ₹ (64,723,015)  US \$ 124,059 ₹ 6,696,705  NIL  NIL	US \$ 2,584,381 ₹ 153,383,012  US \$ (1,696,231) ₹ (91,562,549)  NIL  NIL	US \$ (706,643) ₹ (41,939,262)  US \$ (3,731,436) ₹ (201,422,915)  NIL  NIL	US \$ (1,173,736) ₹ (69,661,232)  US \$ (3,877,601) ₹ (209,312,902)  NIL  NIL	US \$ (536,850) ₹ (31,862,047)  US \$ (3,915,417) ₹ (211,354,210)  NIL  NIL	US \$ (922,668) ₹ (54,760,346)  US \$ (11,174,021) ₹ (603,173,654)  NIL  NIL	NIL NIL  NIL NIL  NIL NIL

Notes :

- 100% subsidiary of Chowgule Steamships Ltd.
- 100% subsidiary of Chowgule Steamships Overseas Ltd.

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

**MANGESH SAWANT**  
Executive Director & CFO

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF CHOWGULE STEAMSHIPS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CHOWGULE STEAMSHIPS LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitutes "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### Other Matter

We did not audit the financial statements of a subsidiary and six sub-subsidiaries, whose financial statements reflect total assets of ₹ 76,124.73 lakhs as at 31st March, 2014, total revenues of ₹ 7,775.80 lakhs and net cash outflow amounting to ₹ 2,514.02 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Registration No. 101496W)

**Z. F. Billimoria**

Partner

Membership No. 42791

Place : Mumbai,  
Date : May 08, 2014

# CHOWGULE STEAMSHIPS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	As at 31-Mar-2014 (₹ in Lakhs)	As at 31-Mar-2013 (₹ in Lakhs)
<b>(I) EQUITY AND LIABILITIES :</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a) Share Capital	2	3,630.84	3,630.84
b) Reserves and Surplus	3	35,992.93	33,877.14
c) Money Received Against Share Warrants		—	—
		39,623.77	37,507.98
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		—	—
<b>3 PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES OUTSIDE THE GROUP</b>			
	4	5,341.50	4,858.20
<b>4 NON-CURRENT LIABILITIES</b>			
a) Long-Term Borrowings	5	33,976.14	32,999.40
b) Deferred Tax Liabilities (Net)	6	1,038.00	1,342.00
c) Other Long-Term Liabilities	7	99.36	99.36
d) Long-Term Provisions	8	26.85	23.66
		35,140.35	34,464.42
<b>5 CURRENT LIABILITIES</b>			
a) Short-Term Borrowings	9	161.57	1.46
b) Trade Payables	10	843.60	891.63
c) Other Current Liabilities	11	3,638.62	4,535.25
d) Short-Term Provisions	12	8.50	7.87
		4,652.29	5,436.21
<b>TOTAL</b>		<b>84,757.91</b>	<b>82,266.81</b>
<b>(II) ASSETS :</b>			
<b>1 NON-CURRENT ASSETS</b>			
a) Fixed Assets			
(i) Tangible Assets	13	66,459.10	66,937.58
(ii) Intangible Assets		—	—
(iii) Capital Work-in-Progress		—	—
(iv) Intangible Assets under Development		—	—
b) Non-Current Investments	14	2,707.82	2,590.67
c) Deferred Tax Assets (Net)		—	—
d) Long-Term Loans and Advances	15	8,576.16	7,804.52
e) Other Non-Current Assets	16	0.50	0.50
		77,743.58	77,333.27
<b>2 CURRENT ASSETS</b>			
a) Current Investments	17	4,452.61	350.57
b) Inventories	18	204.16	814.78
c) Trade Receivables	19	385.90	—
d) Cash and Bank Balances	20	1,602.95	3,462.47
e) Short-Term Loans and Advances	21	296.03	305.65
f) Other Current Assets	22	72.68	0.07
		7,014.33	4,933.54
<b>TOTAL</b>		<b>84,757.91</b>	<b>82,266.81</b>

See accompanying notes to the consolidated financial statements

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

**SUHAS JOSHI**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>REVENUE</b>			
I. Revenue from Operations	24	9,358.22	8,332.02
II. Other Income	25	276.33	814.79
III. <b>Total Revenue</b>		9,634.55	9,146.81
<b>IV. EXPENSES:</b>			
Operating Expenses	26	4,315.27	3,690.35
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods		-	-
Employee Benefits Expenses	27	3,079.67	2,615.80
Finance Cost	28	1,170.78	1,045.03
Depreciation and Amortisation	13	4,692.71	3,845.10
Other Expenses	29	744.86	617.97
<b>Total Expenses</b>		14,003.29	11,814.25
V. <b>Loss before Exceptional and Extraordinary Items and Tax (III - IV)</b>		(4,368.74)	(2,667.44)
VI. Exceptional Items	30	3,350.78	(11,530.18)
VII. <b>Loss before Extraordinary Items and Tax (V - VI)</b>		(1,017.96)	(14,197.62)
VIII. Extraordinary Items		-	-
IX. <b>Loss Before Tax (VII - VIII)</b>		(1,017.96)	(14,197.62)
X. Tax Expense:			
- Current Tax		-	-
- Reversal of Deferred Tax Liabilities	6	304.00	352.00
- Excess Provision for Tax Relating to Prior Years		(2.93)	-
		301.07	352.00
XI. <b>Loss for the year from Continuing Operations (IX - X)</b>		(716.89)	(13,845.62)
XII. Loss from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. <b>Loss for the year from Discontinuing Operations (after tax) (XII - XIII)</b>		-	-
XV. <b>Loss for the year (XI + XIV)</b>		(716.89)	(13,845.62)
XVI. Basic and Diluted Earnings per Equity Share of ₹ 10/- each (in ₹)	34	(1.97)	(38.13)
See accompanying notes to the consolidated financial statements			

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

**SUHAS JOSHI**  
Company Secretary

# CHOWGULE STEAMSHIPS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	For the year ended 31-Mar-2014 (₹ in Lakhs)	For the year ended 31-Mar-2013 (₹ in Lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Loss before Tax and Extraordinary Items	(1,017.96)	(14,197.62)
<b>Adjustments for:</b>		
Depreciation	4,692.71	3,845.10
Impairment	-	11,815.13
Provision for Employee Benefits	(1.91)	(15.61)
Sundry Balance Written Back	(85.07)	(53.26)
Foreign Exchange Translation Differences	3,471.32	1,799.07
Foreign Exchange Difference arising on Consolidation	(2,674.41)	(858.39)
Interest Income	(7.14)	(9.85)
Dividend Income	(4.05)	(60.44)
Profit on Sale of Current Investments	(66.42)	(579.89)
Profit on Sale of Fixed Assets	(2,911.76)	(269.30)
Fixed Assets Written Off	0.04	1.58
Interest & Other Finance Charges Paid	1,170.78	1,045.03
<b>Operating Profit before Working Capital Changes</b>	<b>2,566.13</b>	<b>2,461.55</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Trade Receivables	(385.90)	-
(Increase) / Decrease in Long-Term Loans and Advances	(771.65)	2,349.03
(Increase) / Decrease in Short-Term Loans and Advances	21.65	41.59
(Increase) / Decrease in Other Current Assets	(65.71)	156.47
(Increase) / Decrease in Term Deposit with Bank	(741.88)	30.00
Movement in Restricted Bank Balances	5.81	6.95
(Increase) / Decrease in Inventories	610.62	(643.86)
Increase/(Decrease) in Trade Payables	37.04	(56.11)
Increase/(Decrease) in Other Long Term Liabilities	-	99.36
Increase/(Decrease) in Other Current Liabilities	(155.93)	114.78
<b>Cash Generated from Operations</b>	<b>1,120.18</b>	<b>4,559.76</b>
Less: Taxes Paid	(14.96)	(5.57)
<b>Net Cash flow from Operating Activities (A)</b>	<b>1,105.22</b>	<b>4,554.19</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(0.76)	(20,720.45)
Sale of Fixed Assets	4,688.65	273.07
Sale of Current Investments	2,240.82	9,190.71
Purchase of Current Investments	(6,163.09)	(2,556.02)
Interest Received	0.24	10.47
Dividend Received	4.05	60.44
<b>Net Cash flow from/(used in) Investing Activities (B)</b>	<b>769.91</b>	<b>(13,741.78)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net increase in Cash Credit Balance	160.11	0.87
Proceeds from issue of Convertible Redeemable Shares	-	4,858.20
Repayment of Borrowings	(3,446.58)	(3,772.40)
Borrowings from Banks	-	7,368.27
Interest Paid	(1,182.60)	(1,022.57)
Unclaimed Dividend Paid	(5.81)	(6.95)
<b>Net Cash Flow (used in)/from Financing Activities (C)</b>	<b>(4,474.88)</b>	<b>7,425.42</b>
<b>Net Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(2,599.75)</b>	<b>(1,762.17)</b>
Cash and Cash Equivalents - Opening Balance	3,415.90	5,170.72
Cash and Cash Equivalents - Closing Balance	816.15	3,408.55
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		
Cash on Hand and Balances with Banks	816.15	3,408.55
Effect of Exchange Rate Change - Favourable	4.16	7.35
<b>Cash &amp; Cash Equivalents as Restated</b>	<b>820.31</b>	<b>3,415.90</b>
<b>Foot Note:</b>		
Cash & Cash Equivalents as above (Refer to Note No. 20)	820.31	3,415.90
Add: Restricted Bank Balances	40.76	46.57
Add: FD's maturing for more than three months	741.88	-
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>1,602.95</b>	<b>3,462.47</b>

See accompanying notes to the consolidated financial statements

In terms of our report attached.

For **S. B. BILLIMORIA & CO.**  
Chartered Accountants

**Z. F. BILLIMORIA**  
Partner

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

For and on behalf of the Board of Directors

**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

**MANGESH SAWANT**  
Executive Director & CFO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Corporate information:

Chowgule Steamships Limited (CSL) "the Company" and its subsidiaries (collectively referred to as 'the Group') are a private sector shipping company which presently owns and operates a fleet of 5 vessels (including that of its wholly owned subsidiaries) for seaborne transportation of bulk cargoes. Group is principally engaged in the carriage of goods by sea and is committed to serve its customers to their satisfaction and mutual optimum benefits.

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Accounting and Preparation of Consolidated Financial Statements:

The consolidated financial statements of the Company and its subsidiaries (together 'the Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") [which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs] and the relevant provisions of the, 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. In case, each company in the Group does not follow a uniform accounting policy, the same as disclosed in the audited accounts of the said company, has been reproduced, if material.

#### ii. Principles of Consolidation:

- a) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006. The Company and its subsidiaries comprise the Group. The Consolidated Financial Statements have been prepared on the following basis.
  - The accounts of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. In the opinion of the Management, based on the analysis of the significant transactions at subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.
  - The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
  - As the subsidiaries are foreign, revenue and Balance Sheet items are consolidated at the standard rate. Exchange gains / (losses) arising on conversion are recognised under Foreign Currency Translation Reserve.
  - The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2014.
  - As the subsidiaries are wholly owned, no goodwill or capital reserve or minority interest arises.
  - Intra-group balances, intra group transactions and the resulting unrealised profits, if any, have been eliminated.
- b) The list of subsidiary Companies included in the Consolidation and the Company's holdings therein are as under-

Name of the Company	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary	
		31-March-2014	31-March-2013
Chowgule Steamships Overseas Ltd (CSOL)	Guernsey	100%	100%
Sunshine LLC	The Marshall Islands	100%	100%
Sea Bird LLC	The Marshall Islands	100%	100%
Sea Lord LLC	The Marshall Islands	100%	100%
Sea Green LLC	The Marshall Islands	100%	100%
Sea King LLC	The Marshall Islands	100%	100%
Sea Link LLC	The Marshall Islands	100%	100%

#### iii. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### iv. Tangible Fixed Assets and Depreciation:

Fixed assets (other than buildings) are stated at purchase price and exchange differences arising on the conversion of foreign currency borrowings for the acquisition of ships from outside India at the year end date and exchange differences on the payment of those borrowings during the year are credited / debited to the Consolidated Statement of Profit and Loss. Buildings have been revalued on 31st March, 2009.

The Company depreciates its fleet of ships on a straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. The cost of second hand ships and other capital additions thereto are depreciated with reference to their residual lives if such lives are lower than lives determined with reference to rates prescribed in Schedule XIV to the Companies Act, 1956. Other assets are depreciated on written down value basis at the rates specified in Schedule XIV to the Companies Act, 1956.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization by the Company. Depreciation on buildings has been provided on revalued amount. The additional depreciation on revaluation is recouped from the revaluation reserve.

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Management estimates the useful lives for the fixed assets as under:

Vessels	20 - 25 years
Buildings	15 years
Furniture and Fixtures	5 years
Office Equipments	5 years
Vehicles	4 years
Computers	3 years

**v. Impairment of Fixed Assets:**

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Group's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

**vi. Investments:**

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost and market value. Long-term investments are carried at cost of acquisitions, net of diminution in value, if any, which is other than temporary.

**vii. Inventories:**

Inventories are valued at the lower of cost and net realisable value. Cost is ascertained on a first-in-first-out basis.

**viii. Unfinished Voyage:**

Unfinished voyages represent voyage charter earnings received, reduced by direct operating expenses, related to incomplete voyages as at the Balance Sheet date.

**ix. Revenue Recognition:**

Freight and demurrage earnings are recognised on a completed voyage basis.

Time charter earnings are accrued on a time proportion basis.

Interest Income is recognised on the time proportionate basis taking into account the amount outstanding and rate applicable.

Dividend Income is recognised when the right to receive such dividend is established.

**x. Bareboat Charges**

Bareboat charges payable under bareboat charter agreements are charged against income on a straight line basis over the charter term.

**xi. Insurance Claims:**

Insurance claims for damages to ship's hull, machinery etc. are being accrued in the year of acceptance of the claim and are based on technical considerations.

**xii. Employee Benefits :**

**a. Short-Term Employee Benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

**b. Long-Term Employee Benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, it is financed by the Company along with its employees.

**i Defined-Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

**ii Defined-Benefit Plans**

Expenses for defined-benefit gratuity plans are calculated as at the Balance Sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

**c. Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### xiii. Transactions in Foreign Currency:

- a Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing on the date of the transaction at the commencement of the month in which the transaction takes place, if it approximates the actual rate on the date of the transaction. In other cases, the rates prevailing at the date of the transaction are used.
- b As at the Balance Sheet date:
  - i) Foreign currency monetary items are reported using the closing rate;
  - ii) Non monetary items that are carried at historical cost and denominated in foreign currency are reported using the exchange rate at the date of the transaction; and
  - iii) Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

### xiv. Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### xv. Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

### xvi. Taxes on Income:

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

### xvii. Operating Lease:

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period. Where the Company as a lessor, leased assets under operating leases, lease rental under such lease are recognised in the Statement of Profit and Loss on a straight-line basis.

### xviii. Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit/(loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### xix. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### xx. Operating Cycle:

Based on the nature of services / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 SHARE CAPITAL

#### AUTHORISED

50,000,000 (2013 - 50,000,000) Equity shares of ₹ 10/- each  
2,500,000 (2013 - 2,500,000) Redeemable Preference shares of ₹ 100/- each

#### ISSUED, SUBSCRIBED AND PAID-UP

36,308,425 (2013 - 36,308,425) Equity Shares of ₹ 10 each, fully paid up

**TOTAL**

	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
	5,000.00	5,000.00
	2,500.00	2,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
	3,630.84	3,630.84
<b>TOTAL</b>	<u>3,630.84</u>	<u>3,630.84</u>

#### Rights, Preferences and Restrictions attached to Equity shares

The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10.

Each holder of equity shares is entitled to one vote per share.

The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting except in the case of interim dividend.

The equity shares are not repayable except in the case of a buy-back, reduction of capital or winding up. In the event of liquidation of the Company, members of the Company holding equity shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

In last 5 years no classes of shares has been issued or bought back by the Company nor have any bonus issues been made by the Company.

Following are the names of the shareholders together with the number of Equity Shares holding more than 5 percent of the total Equity Shares:

#### Name of the Shareholders

Name of the Shareholders	Percentage	Numbers of shares as at 31-Mar-14	Numbers of shares as at 31-Mar-13
Chowgule and Company Private Limited		16,932,891	16,932,891
	Percentage	46.64	46.64
Quail Investments Limited		2,260,843	2,260,843
	Percentage	6.23	6.23

### 3 RESERVES AND SURPLUS

#### a) CAPITAL RESERVE

Balance as per last balance sheet

11.96 11.96

#### b) CAPITAL REDEMPTION RESERVE

Balance as per last balance sheet

30.00 30.00

#### c) SHARE PREMIUM

Balance as per last balance sheet

2,922.01 2,922.01

#### d) REVALUATION RESERVE

Balance as per last balance sheet

1,232.22 1,297.07

Adjusted against corresponding depreciation charge (Refer to Note No. 13)

(61.62) (64.85)

1,170.60 1,232.22

#### e) OTHER RESERVES

##### GENERAL RESERVE

Balance as per last balance sheet

4,117.52 4,117.52

Carried forward

8,252.09 8,313.71

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
<b>3 RESERVES AND SURPLUS (contd.)</b>		
Brought forward	8,252.09	8,313.71
<b>f) FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Balance as per last balance sheet	9,952.55	7,514.92
Additions during the year	<u>2,894.31</u>	<u>2,437.63</u>
	12,846.86	9,952.55
<b>g) SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
Opening Balance	15,610.88	29,456.50
Loss for the year	<u>(716.90)</u>	<u>(13,845.62)</u>
Closing Balance	<u>14,893.98</u>	<u>15,610.88</u>
<b>TOTAL</b>	<u><u>35,992.93</u></u>	<u><u>33,877.14</u></u>
 <b>4 PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES OUTSIDE THE GROUP</b>		
9,000,000 (2013: 9,000,000) Convertible Redeemable Shares of USD 1/- each issued to M/s Rudra Shipping & Trading Company Limited. These shares are convertible into equity shares at the option of the holders in the ratio of 1:1 until the day before 10th anniversary of the issue when the option reverts to the Company. At this point the Company also has the option to redeem these shares for cash at USD 1.10 per share	5,341.50	4,858.20
<b>TOTAL</b>	<u><u>5,341.50</u></u>	<u><u>4,858.20</u></u>
 <b>5 LONG-TERM BORROWINGS</b>		
<b>Term Loans from Bank:</b>		
Secured by mortgage of vessels forming part of fleet (Refer to Note No. 11)	<u>33,976.14</u>	<u>32,999.40</u>
	<u><u>33,976.14</u></u>	<u><u>32,999.40</u></u>
 <b>6 DEFERRED TAX LIABILITIES</b>		
<b>Deferred Tax Liability :</b>		
Depreciation on Fixed Assets & Exchange Difference	<u>1,119.00</u>	<u>1,415.00</u>
	<u>1,119.00</u>	<u>1,415.00</u>
<b>Deferred Tax Asset :</b>		
Provision for Doubtful Debts	(14.00)	(15.00)
Provision for Employees' Benefits	(17.00)	(19.00)
Exchange Fluctuation	<u>(50.00)</u>	<u>(39.00)</u>
	<u>(81.00)</u>	<u>(73.00)</u>
<b>Net Deferred Tax Liability</b>	<u><u>1,038.00</u></u>	<u><u>1,342.00</u></u>

The Company has recognised in the consolidated Statement of Profit and Loss the net provision of deferred tax asset of ₹ 304.00 lakhs (2013: ₹ 352.00 lakhs).

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
<b>7 OTHER LONG-TERM LIABILITIES</b>		
Rent Deposit	99.36	99.36
<b>TOTAL</b>	<u>99.36</u>	<u>99.36</u>
<b>8 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits: Compensated Absences	26.85	23.66
<b>TOTAL</b>	<u>26.85</u>	<u>23.66</u>
<b>9 SHORT-TERM BORROWINGS</b>		
<b>SECURED BORROWINGS</b>		
<b>Loan Repayable on Demand from Banks :</b>		
Cash Credits (Refer to Note No. 13, 18 & 19) Secured against hypothecation of book debts and stocks / stores aboard the vessels and first equitable mortgage on the Company's office premises	161.57	1.46
<b>TOTAL</b>	<u>161.57</u>	<u>1.46</u>
<b>10 TRADE PAYABLES</b>		
Shipping Cost Payable Provision for Other Expenses	772.70 70.90	786.01 105.62
<b>TOTAL</b>	<u>843.60</u>	<u>891.63</u>
<p>According to the information available with the Company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2014.</p>		
<b>11 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debts: Secured by mortgage of vessels forming part of fleet (Refer to Note No. 5)	3,341.30	4,058.64
Interest Accrued But not Due on Loans	87.38	99.20
Charter Hire (Received in Advance)	149.48	257.58
Rent Received in Advance	-	49.68
Payable to Gratuity Fund (Refer to Note No. 31)	13.59	19.32
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	40.76	46.57
Other Payables		
Statutory remittances	6.11	4.26
<b>TOTAL</b>	<u>3,638.62</u>	<u>4,535.25</u>
<b>12 SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits: Compensated Absences	8.50	7.87
<b>TOTAL</b>	<u>8.50</u>	<u>7.87</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 FIXED ASSETS

(₹ in Lakhs)

Particulars	COST				ACCUMULATED DEPRECIATION				BOOK VALUE					
	Opening as at 1-Apr-2013	Additions during the year	Acquired through business combinations	Adjustment during the year	Deductions during the year	Closing as at 31-Mar-2014	Up to 1-Apr-2013	For the year on original cost	adjusted against corresponding drawdown from revaluation reserve	Adjustment during the year	Impairment during the year	Deductions during the year	Up to 31-Mar-2014	As at 31-Mar-2014
<b>TANGIBLE ASSETS:</b>														
<b>Freehold Land</b>	231.92 (235.69)	-	-	-	-	231.92 (231.92)	-	-	-	-	-	-	-	231.92 (231.92)
<b>Building</b> (See Footnote 3)														
On Leasehold land - Office Premises (See Footnote 1 & 8)	2,086.86 (2,086.86)	-	-	-	-	2,086.86 (2,086.86)	909.42 (847.45)	0.22 (0.23)	58.66 (61.74)	-	-	-	968.30 (909.42)	1,118.56 (1,177.44)
On Freehold land - Staff Quarters (See Footnote 2)	110.43 (110.43)	-	-	-	-	110.43 (110.43)	49.75 (46.56)	0.08 (0.08)	9.06 (3.11)	-	-	-	59.79 (49.75)	57.64 (60.68)
<b>Furniture and Fixtures</b>	59.75 (59.75)	-	-	-	-	59.75 (59.75)	34.67 (30.67)	3.98 (4.00)	-	-	-	-	37.95 (34.67)	14.80 (18.08)
<b>Vehicles</b>	16.19 (16.12)	-	-	-	-	16.19 (16.12)	11.00 (9.22)	1.32 (1.78)	-	-	-	-	19.39 (17.00)	3.80 (5.12)
<b>Office Equipments</b>	153.24 (153.84)	0.76 (2.34)	-	-	-	153.61 (153.24)	109.66 (102.73)	6.88 (8.15)	-	-	-	0.35 (1.22)	116.19 (109.66)	37.42 (43.58)
<b>Vessels</b> (See Footnote 4, 5, 6 & 7)	103,080.75 (78,192.92)	8,908.59 (4,169.72)	-	-	-	104,095.79 (103,080.75)	37,679.99 (21,160.29)	4,680.93 (3,830.86)	-	9,856.57 (873.71)	-	6,116.66 (11,815.13)	39,100.83 (37,679.99)	64,594.96 (65,400.76)
<b>TOTAL TANGIBLE ASSETS</b>	105,732.07	0.76	-	8,908.59	7,893.94	106,741.48	38,794.49	4,692.71	61.62	9,856.57	-	6,117.01	40,988.38	66,459.10
<b>Previous Year</b>	80,848.61	20,720.45	-	4,169.72	6.71	105,732.07	22,196.92	3,845.10	64.85	873.71	-	11,815.13	1.22	66,937.58
<i>(Figures in bracket related to previous year)</i>														

FOOTNOTES:

- Includes cost of 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Bakhawar Commercial Premises Co-operative Society Limited. Secured also as first equitable mortgage for Cash Credit facility from State Bank of India. (Refer to Note no. 9)
- Includes cost of 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Dadar Paschim Apartments Co-operative Housing Society Limited and 5 shares (2013 - 5 shares) of ₹ 50 each fully paid in Olympus Co-operative Housing Society Limited.
- The Group had revalued its block of assets under 'Buildings' as on 31.03.2002. The revaluation had been carried out based on a report by an independent professional valuer. The revalued amounts are as under

Buildings	Historical cost		Revalued Amount (Substituted for original cost) as on 31.03.2002		Difference in W.D.V. and revalued amount (₹ in Lakhs)
	As on 31.03.2002 (₹ in Lakhs)	Value as on 31.03.2002 (₹ in Lakhs)	Written Down (₹ in Lakhs)	Revalued Amount (₹ in Lakhs)	
Leasehold land - Office Premises	24.45	24.45	7.59	2,070.00	2,062.41
Freehold land - Staff Quarters	6.49	6.49	2.76	106.68	103.92
<b>TOTAL</b>	<b>30.94</b>	<b>30.94</b>	<b>10.35</b>	<b>2,176.68</b>	<b>2,166.33</b>

The revaluation was based on comparable sale approach, taking into consideration situation of buildings, size, specification of construction, existing amenities and demand for such type of buildings in same locality and prevailing market for such type of buildings. Revaluation Reserve was appropriately created for the same.

- Depreciation provided on the revalued portion of the buildings amounting to ₹ 61.62 lakhs (2013 - ₹ 64.85 lakhs) has been directly adjusted from the Revaluation Reserve. (Refer to Note no. 3)
- During previous year, the Company has identified its Vessels as impaired due to significant drag on revival of charter hire rates and realisable value of the Vessels after considering the economic life. The impairment loss of ₹ Nil (2013 - ₹ 11,815.13 lakhs) is computed considering value in use. (Refer to Note No. 30)
- Adjustment in the costs for the year contains ₹ 8,908.59 lakhs (2013 - ₹ 4,169.72 lakhs) on account of restatement of opening gross block relating to non-integral foreign operations consequent to change in the exchange rate
- Adjustment in the depreciation for the year contains ₹ 2,856.57 lakhs (2013 - ₹ 873.71 lakhs) on account of restatement of opening accumulated depreciation relating to non-integral foreign operations consequent to change in the exchange rate
- During the year, the Company has revised the estimated useful life of the vessel. Consequently, the depreciation charged for the year is lower by ₹ 1,819.08 lakhs (2013 - ₹ Nil)
- Office premises includes an amount of ₹ 1,391.25 lakhs (2013 - ₹ Nil) given on lease. Depreciation for the same is ₹ 0.17 lakhs (2013 - ₹ 0.18 lakhs). Future minimum rent receipts are as under

	31-Mar-2014 (₹ in Lakhs)	31-Mar-2013 (₹ in Lakhs)
Not later than one year	198.72	198.72
Later than one year and not later than five years	198.72	397.44
<b>TOTAL</b>	<b>397.44</b>	<b>596.16</b>

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	No. of Shares	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
<b>14 NON CURRENT INVESTMENTS</b>			
<b>Trade Investments</b>			
<b>Unquoted at Cost:</b>			
<b>Equity Shares of ₹ 10 each fully paid up</b>			
Chowgule Ports Infrastructure Private Limited	2,735,000	273.50	273.50
<b>Non-Trade Investments</b>			
<b>Unquoted at Cost:</b>			
<b>Others</b>			
Northern Shipping Fund	–	1,883.43	2,317.02
4.25% Notes Rural Electrification Corporation Ltd.	5,000	304.91	–
4.75% European Medium Term- Notes Syndicate Bank Ltd	4,000	245.83	–
		2,434.17	2,317.02
<b>Investment in Equity Shares (Quoted) of ₹ 10 each fully paid up at Cost:</b>			
Mahindra Lifespace Developers Limited #	16	–	–
ICICI Bank Limited	150	0.05	0.05
Global Offshore Services Limited	50	0.01	0.01
Essar Ports Limited	466	0.02	0.02
Essar Shipping Limited	233	0.01	0.01
Great Offshore Limited #	30	–	–
The Great Eastern Shipping Company Limited	121	0.02	0.02
Varun Shipping Company Limited	150	0.02	0.02
Shreyas Shipping and Logistics Limited #	100	–	–
The Shipping Corporation of India Limited	75	0.02	0.02
		0.15	0.15
<b>TOTAL</b>		<b>2,707.82</b>	<b>2,590.67</b>
Aggregate amount of quoted investments		0.15	0.15
Aggregate amount of unquoted investments		2,707.67	2,590.52
Aggregate market value of quoted investments		2.80	2.48
# value less than ₹ 500			
<b>15 LONG-TERM LOANS AND ADVANCES</b>			
Capital Advances		8,522.55	7,750.91
Security Deposits		6.21	6.21
Disputed Sales Tax Deposit (Refer to Note No. 23)		47.40	47.40
<b>TOTAL</b>		<b>8,576.16</b>	<b>7,804.52</b>
<b>16 OTHER NON-CURRENT ASSETS</b>			
Balances with Bank			
in deposit account with maturity of more than 12 months from Balance Sheet date		0.50	0.50
<b>TOTAL</b>		<b>0.50</b>	<b>0.50</b>
Margin Money against Bank Guarantee which has a maturity of more than 12 months from Balance Sheet date. Guarantee is given by Bank and counter guaranteed by the Company for due performance of the Company's obligations.			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 CURRENT INVESTMENTS

#### Investment in Mutual Funds / Hedge Funds:

#### Unquoted (at lower of cost and fair value, unless otherwise stated):

	Face Value	No. of units	As at 31-Mar-14 (₹ in Lakhs)	No. of units	As at 31-Mar-13 (₹ in Lakhs)
Birla Sun Life Dynamic Bond Fund - Retail - Growth-Regular Plan	INR 10	150,008	25.75	1,451,697	249.17
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend	INR 10	-	-	1,010,763	101.40
DWS Treasury Fund Investment - Regular Plan - Growth	INR 10	6,480,920	907.50	-	-
ICICI Prudential Liquid - Regular Plan - Growth	INR 10	158,002	297.73	-	-
IDFC Banking Debt Fund-Regular Plan-Growth	INR 10	8,348,312	907.50	-	-
Kimco Japan Long / Short Fund Ltd.*	USD 100	1,974	149.18	-	-
Persistent Edge Asia Partners Ltd*	USD 1,000	350	208.82	-	-
Alkeon Growth Offshore Fund Ltd*	USD 100	400,000	237.40	-	-
Blackrock Global Funds - Euro Market Fund Capitalisation	USD 10	12,403	238.59	-	-
Credit Suisse Nova (Lux) - Global Senior Loan Fund Distribution	USD 100	9,477	593.48	-	-
Goldman Sachs Fund - Goldman Sachs Global Startegic Income Bond	USD 100	6,493	447.35	-	-
AXA IM Fixed Income Investment Startegies Fcp-Us Short Duration High Yield Capitalisation	USD 100	5,385	447.35	-	-
			4,460.65		350.57
Less: Provision for diminution in value of the current Investments			(8.04)		-
			4,452.61		350.57
<b>TOTAL</b>			4,480.11		389.65

Aggregate Net Asset Value of units in Mutual Funds

\* Hedge funds

### 18 INVENTORIES

	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
Paints	4.29	6.72
Fuel Oil and Lube Oil on Ships	199.87	808.06
<b>TOTAL</b>	204.16	814.78

Secured for Cash Credit facility taken from Bank (Refer to Note No. 9)

### 19 TRADE RECEIVABLES

Considered good		
More than six months from the date they were due for payment	-	-
Other trade receivables	385.90	-
	385.90	-
Considered Doubtful		
More than six months from the date they were due for payment	41.67	41.67
Other Trade Receivables	-	-
	41.67	41.67
Less: Provision for Doubtful Debts	41.67	41.67
	-	-
<b>TOTAL</b>	385.90	-

Secured for Cash credit facility (Refer to Note No. 9)

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-14 (₹ in Lakhs)	As at 31-Mar-13 (₹ in Lakhs)
<b>20 CASH AND BANK BALANCES</b>		
a) Cash and Cash Equivalents:		
In Current Account	18.74	15.45
In Foreign Currency Account	801.57	3,400.45
In Deposit Accounts with maturity of less than three months from Balance Sheet date	741.88	-
b) Other Balances:		
In Unpaid Dividend Accounts	40.76	46.57
<b>TOTAL</b>	<u>1,602.95</u>	<u>3,462.47</u>
<b>21 SHORT-TERM LOANS AND ADVANCES</b>		
Advance Income Tax (net of provision for tax ₹ 826.62 lakhs [2013 - ₹ 819.00 lakhs])	140.60	127.98
MAT Credit Entitlement	74.07	74.07
Fringe Benefit Tax (net of provision for tax ₹ Nil [2013 - ₹ 7.66 lakhs])	-	0.58
Prepaid Expenses	64.20	69.37
Advance for Expenses	17.16	33.65
<b>TOTAL</b>	<u>296.03</u>	<u>305.65</u>
<b>22 OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits with Bank	0.12	0.07
Accrued Interest on Investments	6.85	-
Claim Receivable	65.71	-
<b>TOTAL</b>	<u>72.68</u>	<u>0.07</u>
<b>23 CONTINGENT LIABILITIES</b>		
a) Estimated amount of contracts remaining to be executed on capital account not provided for The group has a commitment for the construction of three hulls for YEN 7,820.00 Millions, ₹ 44,933.72 Lakhs and USD 46.2 Millions, ₹ 27,419.70 Lakhs, of this YEN 1,434.22 Millions, ₹ 8,241.03 Lakhs has already been paid. The remaining balance payable as per revised contract is YEN 6,385.78 Millions, ₹ 36,692.69 Lakhs and USD 46.20 Millions, ₹ 27,419.70 Lakhs ( 2013: YEN 8,205.78 Millions, ₹ 47,012.10 Lakhs and USD 10.00 Millions, ₹ 5,398 Lakhs)	64,112.39	52,410.10
b) Sales Tax demand not provided for: (Refer to Note No. 15) Note: The Company has contested the above claims against the Order of the Appellate Assistant Commissioner, Chennai, confirming the Order of the Commercial Tax Officer for the Assessment Year 1995-96 in respect of charter hire of the vessel, 'm.v. Maratha Prudence'. The Company has already deposited ₹ 47.40 lakhs (Refer to Note No. 15) (including refunds withheld by the authorities) and executed a bond of ₹ 218.04 lakhs in respect of the said claim. The Company does not expect any liability to devolve on it in respect of the above and therefore no provision is held.	237.00	237.00
c) Income Tax demand not provided for The company has filed appeal in respect of the same. Note : Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.	386.14	16.70
d) COMMITMENT Sea Lord LLC and Sea Bird LLC subsidiary companies of Chowgule Steamships Overseas Ltd. have provided additional security to a bank for a loan given to Garud B.V. for a maximum of USD 10 Millions (2013- USD Nil)	5,935.00	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31-Mar-14 (₹ in Lakhs)	For the year ended 31-Mar-13 (₹ in Lakhs)
<b>24 REVENUE FROM OPERATIONS</b>		
Sale of Service:		
Charter Hire Receipts	9,177.73	8,928.41
Other Operating Revenue:		
Claims Received	95.42	50.35
Sundry Balances Written Back (Net)	85.07	-
Trade Payable Written Back	-	53.26
<b>TOTAL</b>	<u>9,358.92</u>	<u>8,332.02</u>
<b>25 OTHER INCOME</b>		
Interest on -		
Bank Deposit	0.29	9.85
Others	6.85	-
Rental Income	198.72	2.67
Dividends -		
On Long Term Investments	0.05	0.04
On Current Investments	4.00	60.40
Profit on Sale of Current Investments - (Net)	66.42	579.89
Provision no Longer Required Written Back	-	161.94
<b>TOTAL</b>	<u>276.33</u>	<u>814.79</u>
<b>26 OPERATING EXPENSES</b>		
Fuel, Oil and Water	746.74	833.96
Stores and Spare Parts Consumed	656.44	500.42
Port Disbursement, Stevedorage, Light Dues etc.	49.29	45.94
Ship Repairs and Survey Charges	358.32	314.05
Dry Docking Charges	-	522.09
Insurance & Protection Club Dues	519.12	431.03
Brokerage and Agency Fees	225.01	187.53
Claims Paid	608.34	-
Foreign Currency Translation Differences	81.43	26.56
Ship Management Fees	466.36	371.58
Crew Expenses	522.51	377.35
Quality & Safety Facilities	48.16	53.55
Handling & Transport	33.55	26.29
<b>TOTAL</b>	<u>4,315.27</u>	<u>3,690.35</u>

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31-Mar-14 (₹ in Lakhs)	For the year ended 31-Mar-13 (₹ in Lakhs)
<b>27 EMPLOYEE BENEFITS EXPENSES</b>		
Manning Cost	2,921.76	2,481.85
Salaries, Wages and Other Benefits (Refer to Note No. 31)	121.74	108.74
Contributions to Provident and Other Funds (Refer to Note No. 31)	32.54	21.99
Staff Welfare Expenses	3.63	3.22
<b>TOTAL</b>	<u>3,079.67</u>	<u>2,615.80</u>
<b>28 FINANCE COSTS</b>		
Interest on Borrowings	1,121.44	1,035.46
Other Borrowing Costs	49.34	9.57
<b>TOTAL</b>	<u>1,170.78</u>	<u>1,045.03</u>
<b>29 OTHER EXPENSES</b>		
Power and Fuel	7.91	8.32
Legal and Professional Expenses	310.90	332.36
Postage, Telephone, Telexes etc.	4.98	8.62
Rent	0.50	1.08
Rates and Taxes	31.54	44.08
Auditors' Remuneration		
For Statutory Audit	21.37	17.34
For Tax Audit	0.80	0.80
For Other Services	3.80	2.50
Service tax on Above	1.06	0.84
Directors' Sitting Fees	27.03	21.48
Travelling Expenses (Including Foreign Travelling)	9.21	9.00
Repairs to Building	61.44	55.26
Repairs to Building	34.05	28.05
Brokerage Paid	140.66	23.14
Miscellaneous Expenses	116.60	85.00
Loss on Sale of Fixed Assets/Written Off	0.04	1.58
<b>TOTAL</b>	<u>744.86</u>	<u>617.97</u>
<b>30 EXCEPTIONAL ITEMS</b>		
Loss on Foreign Currency Translation Difference on Borrowing	(153.63)	(114.45)
Gain on Foreign Currency Translation Difference on Partial Repayment of Loan and on Conversion of Loan into Convertible Redeemable Preference Shares in respect of Subsidiary	592.65	130.10
Profit on Sale of Assets	2,911.76	269.30
Impairment Loss (Refer to Note No. 13)	-	(11,815.13)
<b>TOTAL</b>	<u>3,350.78</u>	<u>(11,530.18)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 EMPLOYEE BENEFITS OBLIGATIONS

Staff Costs for the year ended 31st March, 2014, include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits. The necessary disclosures in respect thereof are as under: -

	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
<b>(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes</b>		
i) Provident Fund	8.84	7.83
ii) Superannuation Fund	10.43	9.98
<b>(b) Details of gratuity plan are as follows: (Refer to Note Nos 12 &amp; 27)</b>		
The Company makes annual contributions to the Chowgule Steamships Limited Shore Employees Gratuity Fund, which in-turn, has taken Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India, which is a funded defined benefit plan for qualifying employees. This scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.		
<b>The amounts recognised in the Balance Sheet are as follows:</b>		
i) Present value of funded obligations	88.41	74.75
ii) Fair value of plan assets	74.82	55.43
iii) Amounts In the Balance Sheet		
Liabilities under Other Current liabilities (Refer to Note no. 11)	13.59	19.32
<b>The amounts recognised in the Statement of Profit and Loss are as follows:</b>		
i) Current service cost	12.48	11.15
ii) Interest cost	6.13	5.42
iii) Expected return on plan assets	(5.98)	(3.57)
iv) Net actuarial Losses / (Gains) recognised in year	1.02	(5.94)
v) Past service cost	-	-
vi) Expenses recognized in the Statement of Profit and Loss under Contribution to Provident & other funds	13.65	7.06
<b>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
i) Opening defined benefit obligation	74.75	63.80
ii) Current Service cost	12.48	11.15
iii) Interest cost	6.13	5.42
iv) Actuarial Gains	(4.95)	(5.62)
v) Past service cost	-	-
vi) Benefits paid	-	-
vii) Closing defined benefit obligation	88.41	74.75

# CHOWGULE STEAMSHIPS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
i) Opening fair value of plan assets	55.43	23.66
ii) Adjustment to Opening Balance	0.39	2.88
iii) Expected return	5.98	3.57
iv) Actuarial (Losses) / Gains	(5.98)	0.32
v) Contribution by employer	19.00	25.00
vi) Benefits paid	-	-
vii) Closing fair value of plan assets	74.82	55.43

The Company has the Gratuity Fund administered and managed by the Life Insurance Corporation of India (LIC). The fair value of the plan assets are based on the LIC Fund balance position as at the Balance Sheet date. The composition and the categories of plan assets are unavailable with the Company.

### Principal actuarial assumptions at the balance sheet date are as follows:

	2013-14	2012-13
i) Discount rate at 31st March	9.30% p.a.	8.20% p.a.
ii) Expected return on plan assets at 31st March	9.15% p.a.	9.15% p.a.
iii) Rate of increase in compensation	10.00% p.a.	10.00% p.a.
iv) Withdrawal rate	0.50% p.a.	0.50% p.a.
v) Maximum Gratuity payable per person	Unlimited	Unlimited
vi) Retirement age	60 years	60 years
vii) Mortality table	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate

The contribution expected to be made by the Company during the financial year 2014-15 is ₹ 12.75 lakhs (2013-14 ₹ 19.00 lakhs).

### Experience Adjustments

	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)	2013-14 (₹ in Lakhs)
Present value of the obligation	32.61	43.18	63.80	74.75	88.41
Fair value of the plan assets	9.77	11.67	23.66	55.43	74.82
Surplus/ (Deficit)	(22.84)	(31.51)	(40.14)	(19.32)	(13.59)
Experience Adjustment on Plan Liabilities	8.18	3.51	(4.59)	7.14	(0.96)
Experience Adjustment on Plan Assets	(0.91)	(0.90)	(1.62)	0.32	(5.98)

The expected rate of return on plan assets is based on the average long-term rate of return expected on investment of funds during the estimated term of obligation.

The estimates of future salary increase, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**32** Related party disclosures, as required by AS-18 "Related Party Disclosures" as notified under the Companies (Accounting Standard) Rules, 2006, are given below.

Name of related party	Nature of Relationship	Nature of Transactions	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
<b>Key Management Personnel</b>				
Mr. Mangesh Sawant	Executive Director & CFO	Remuneration for the year	51.34	40.46

## 33 SEGMENT REPORTING

The Group treats 'Shipping' as single business segment and therefore details of segments are not separately shown. Given the nature of the business there are no Geographic Segments either.

**34** As per Accounting Standard (AS) 20 on 'Earnings Per Share' (Basic and Diluted), the earning per share of the Company is as under:

	2013-14	2012-13
a. Net Loss for the year (₹ in lakhs)	(716.89)	(13,845.62)
b. Weighted average number of Equity shares outstanding during the financial year (in Nos.)	36,308,425	36,308,425
c. Basic and Diluted Earnings Per Equity Share on the above (₹)	(1.97)	(38.13)

## 35 FOREIGN CURRENCY EXPOSURES

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below:

Particulars	2013-14		2012-13	
	(₹ in Lakhs)	USD Million	(₹ in Lakhs)	USD Million
<b>Receivables</b>				
Trade Receivables & Other assets	307.23	0.52	6.44	0.01
Cash & Bank Balances	36.42	0.06	121.28	0.22
<b>Payables</b>				
Term Loan from Foreign Bank	1,633.23	2.70	1,918.00	3.50
Trade Payables & Other Liabilities	73.78	0.12	274.63	0.51

Note : USD = US Dollar

**36** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
Chairman

**D. N. MUNGALE**  
Director

Place : Mumbai,  
Date : May 08, 2014

**SUHAS JOSHI**  
Company Secretary

**MANGESH SAWANT**  
Executive Director & CFO

# CHOWGULE STEAMSHIPS LIMITED

## STATEMENT OF INFORMATION RELATING TO SUBSIDIARIES INCLUDING SUBSIDIARIES OF SUBSIDIARIES (IN TERMS OF GOVERNMENT OF INDIA, MINISTRY OF CORPORATE AFFAIRS GENERAL CIRCULAR NO: 2/2011, NO: 5/12/2007-CL-III DATED 8TH FEBRUARY, 2011) IN COMPLIANCE WITH SECTION 212 OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2014

Name of the subsidiary	CHOWGULE STEAMSHIPS OVERSEAS LTD		SUNSHINE LLC		SEA BIRD LLC		SEA KING LLC		SEA LORD LLC		SEA LINK LLC		SEA GREEN LLC	
	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)	USD in Millions	(₹ in Lakhs)
Capital	27.70	16,439.95	*0.00	0.59	*0.00	0.59	*0.00	0.59	*0.00	0.59	*0.00	0.59	*0.00	0.59
Reserve	31.02	18,409.16	49.54	99,402.93	(7.37)	(4,374.08)	(13.38)	(7,938.54)	(8.56)	(5,077.78)	(12.10)	(7,179.39)	-	-
Total Assets	108.36	64,312.13	49.54	99,403.52	25.38	15,062.07	26.03	15,446.72	26.76	15,880.06	26.20	15,551.17	3.76	2,231.05
Total Liabilities	108.36	64,312.13	49.54	99,403.52	25.38	15,062.07	26.03	15,446.72	26.76	15,880.06	26.20	15,551.17	3.76	2,231.05
Details of Investments	8.01	4,751.85	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	0.05	31.43	6.45	3,826.35	3.06	1,818.72	2.50	1,484.60	3.05	1,811.77	2.68	1,593.17	-	-
Profit / (Loss) Before taxation	(1.09)	(647.24)	2.58	1,533.84	(0.71)	(419.39)	(1.17)	(696.61)	(0.54)	(318.62)	(0.92)	(547.61)	-	-
Provision For Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) after Taxation	(1.09)	(647.24)	2.58	1,533.84	(0.71)	(419.39)	(1.17)	(696.61)	(0.54)	(318.62)	(0.92)	(547.61)	-	-

Notes:

- For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent INR, USD 1 = 59.35
- The Consolidated financial statements are in compliance with applicable Accounting Standards in India.
- In compliance with the requirements of Clause 32 of the Listing Agreement, the consolidated financial statements are duly audited by the auditors.
- Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request same will be made available to the shareholders of the holding company and subsidiary companies.

\* Value = USD 1,000

For and on behalf of the Board of Directors  
**VIJAY V. CHOWGULE**  
 Chairman

**D. N. MUNGALE**  
 Director

**MANGESH SAWANT**  
 Executive Director & CFO

**SUHAS JOSHI**  
 Company Secretary

Place : Mumbai,  
 Date : May 08, 2014

# PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act 2013 and rule 19 (3) of the Companies (Management and Administration Rules 2014)

## CHOWGULE STEAMSHIPS LIMITED

CIN : L63090GA1963PLC000002

Registered Office : Chowgule House, Mormugao Harbour, GOA - 403 803

Name of the member(s)			
Registered Address			
Email ID			
Folio No./ Client ID		DP ID	

I/We, being the member(s) of shares of CHOWGULE STEAMSHIPS LIMITED, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifty First Annual General Meeting of the Company, to be held on the 9th day of July, 2014 at 11 a.m. at Chowgule House, Mormugao Harbour, GOA - 403 803 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Consider and adopt the Audited Balance Sheet of the Company as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the reports of Directors and Auditors thereon.		
2. Re-appointment of Mr. Vijay V. Chowgule who retires by rotation		
3. Re-appointment of Mr. Nathan R. Chowgule who retires by rotation		
4. Appointment of Auditors and fixing their remuneration		
5. Appointment of Mr. Sanjiv N. Shah as an Independent Director		
6. Appointment of Admiral Arun Prakash (Retd) as an Independent Director		
7. Appointment of Mr. Dhananjay N. Mungale as an Independent Director		
8. Appointment of Mr. Ravindra Kulkarni as an Independent Director		
9. Appointment of Mr. Farokh Guzder as an Independent Director		

\* Applicable for investors holding shares in electronic form.

Signed this ..... day of ..... 2014

Signature of shareholder : .....

**Affix  
1 Rupee  
Revenue  
Stamp**

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

**Note:**

- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a member of the Company.**
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.





To  
Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (West), Mumbai-400 078.

Dear Sirs,

**FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND**

Please fill in the information in CAPITAL LETTERS in ENGLISH only. Please TICK  wherever applicable.  
For shares held in physical form

Master Folio No.

FOR OFFICE USE ONLY	
ECS Ref. No.	<input type="text"/>

Name of First Holder

Bank Name

Branch Name

Branch Code

(9 Digits Code Number appearing on the MICR Band of the cheque by the Bank). Please attach a photo copy of a cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.

Account Type

Savings	<input type="checkbox"/>
---------	--------------------------

Current	<input type="checkbox"/>
---------	--------------------------

Cash Credit	<input type="checkbox"/>
-------------	--------------------------

A/c. No. (as appearing in the cheque book)

Effective date of this mandate

I, hereby, declare that the particulars given are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness, Link Intime India Pvt. Ltd. / Chowgule Steamships Ltd. will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by Chowgule Steamships Ltd.

I further undertake to inform the Company any change in my Bank / branch and account number.

Date :

\_\_\_\_\_  
(Signature of First Holder)

Note : \* On dematerialisation of your shares, the details registered with your Depository Participant will be considered for payment through ECS.

\* This form duly filled in may be returned to Link Intime India Private Limited.



## Fleet Profile

### CHOWGULE STEAMSHIPS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Maratha Providence	1995	47574

### CHOWGULE STEAMSHIPS OVERSEAS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Maratha Pride (Owned by Sea Bird LLC)	2011	37221
2.	M. V. Maratha Paramount (Owned by Sea King LLC)	2011	32081
3.	M. V. Maratha Promise (Owned by Sea Lord LLC)	2012	37187
4.	M. V. Maratha Prudence (Owned by Sea Link LLC)	2012	32070

